



**REPORT OF THE
LEGISLATIVE FINANCE COMMITTEE
TO THE
FORTY-EIGHTH LEGISLATURE
SECOND SESSION**

**JANUARY 2008
FOR FISCAL YEAR 2009**

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**LEGISLATING FOR RESULTS:
APPROPRIATION RECOMMENDATIONS**

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LEGISLATIVE BRANCH
BUDGET SUMMARY
(Dollars in Thousands)

		FY09 - 2008-2009				
		FY07	FY08	Agency	LFC	Percent
		2006-2007	2007-2008	Request	Recommen-	Incr
		Actuals	Budgeted		dation	(Decr)
111	Legislative Council Service	4,956.0	5,589.0	6,119.4	6,119.4	9.5%
112	Legislative Finance Committee	3,807.3	4,110.1	4,291.6	4,291.6	4.4%
114	Senate Chief Clerk	1,030.5	1,140.1	1,177.0	1,177.0	3.2%
115	House Chief Clerk	1,009.5	1,129.6	1,146.1	1,146.1	1.5%
117	Legislative Education Study Committee	1,195.6	1,236.5	1,261.5	1,261.5	2.0%
119	Legislative Building Services (GAA)	3,647.7	3,916.4	4,232.5	4,232.5	8.1%
131	Interim Committee Expenses	1,056.0	1,056.0	1,036.0	1,036.0	-1.9%
131	Pre-Session Expenses	552.3	552.3	552.3	552.3	0.0%
131	Legislative Internship Program	25.0	25.0	45.0	45.0	80.0%
131	Senate Rules Interim Committee	21.6	21.6	21.6	21.6	0.0%
131	Energy Council Dues (GAA)	32.0	32.0	32.0	32.0	0.0%
	Legislature	7,836.7 *	5,300.0 *+	7,836.7 *++	7,836.7 *++	47.9%
TOTAL LEGISLATIVE		25,170.2	24,108.6	27,751.7	27,751.7	15.1%
*Less Nonrecurring		(7,836.7)	(5,300.0)	(7,836.7)	(7,836.7)	47.9%
TOTAL LEGISLATIVE RECURRING		17,333.5	18,808.6	19,915.0	19,915.0	5.9%

+Appropriation for 2008 legislative session (30 days) will be made by the Legislature in January 2008. Amount shown was provided by the Legislative Council Service.

++Appropriation for 2009 legislative session (60 days) will be made by the Legislature in January 2009. Amount shown is same as FY07.

TRANSMITTAL OF ESTIMATES

Appropriation estimates for the operation of the legislative branch of government are transmitted herewith by the Legislative Finance Committee. Estimates have been supplied by the Legislative Council Service, Legislative Finance Committee, Legislative Education Study Committee, Legislative Building Services, Senate chief clerk, and House chief clerk.

All appropriations to the legislative branch of government are made through the feed bill, except for those indicated by (GAA), which are made through the General Appropriation Act.

STATUTORY AUTHORITY:

Sections 18-1-1 through 18-1-12 NMSA 1978 provide for a Supreme Court Law Library for use by all citizens of New Mexico. The management, control, and supervision of the library are the responsibility of a board of trustees consisting of the Supreme Court justices. In addition to general circulation, the Supreme Court Law Library provides reference support, acquisition and update of legal materials, and research assistance. Its other major function is to provide guidelines, rules, and training to ensure the maintenance of all district court libraries.

	BUDGET SUMMARY (dollars in thousands)				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 – 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,711.3	1,784.5	1,828.4	1,812.3	1.6
Other Revenues	0.0	1.4	1.4	1.4	0.0
SOURCES TOTAL	1,711.3	1,785.9	1,829.8	1,813.7	1.6
USES					
Personal Services and Employee Benefits	622.5	700.4	724.5	721.7	3.0
Contractual Services	365.1	365.7	384.7	376.5	3.0
Other	716.5	719.8	720.6	715.5	-0.6
TOTAL USES	1,704.1	1,785.9	1,829.8	1,813.7	1.6
FTE					
Permanent	9.0	9.0	9.0	9.0	0.0
TOTAL FTE POSITIONS	9.0	9.0	9.0	9.0	0.0

BUDGET ISSUES:

For FY09 the library’s general fund request is \$1.8 million, a 1.6 percent increase from last fiscal year. The increase is the result of ongoing 10 percent to 13 percent inflation rates in the cost of legal publications and databases. The library has been making careful cancellation decisions staff hope will maximize the utility of subscriptions for the bench and bar. However, these cuts have prevented the library from meeting the performance measure of having 80 percent of its titles current.

LFC recommends a 2 percent increase to cover subscription fees, replacement of outdated or damaged books, and purchase of additional materials for the permanent collection. This amount will also help the library address the high inflation rates charged by publishing companies.

Finally, LFC recommends the Supreme Court Law Library reconsider its hours of operation to maximize public use. Currently, the library is only open on weekdays until 6 p.m. Taxpayers who work regular hours, Monday through Friday, are unable to visit the library.

SUPREME COURT LAW LIBRARY

The purpose of the supreme court law library program is to provide and produce legal information for the judicial, legislative and executive branches of state government, the legal community and the public at large so they may have equal access to the law, effectively address the courts, make laws and write rules, better understand the legal system and conduct their affairs in accordance with the principles of law.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Output	Percent of updated titles	77.4%	78%	80%	80%	80%
Quality	Percent of staff time spent on shelving and updating library materials	28%	28%	<20%	<20%	<20%
Output	Number of website hits	76,977	70,000	50,000	50,000	60,000
* Output	Number of research requests	5,992	6602	6,600	6,600	6,700

STATUTORY AUTHORITY:

The New Mexico Compilation Commission was established by Sections 12-1-1 through 12-1-14 NMSA 1978 and is responsible for publishing, selling, and distributing the New Mexico Statutes Annotated (NMSA), opinions and rules of the court (New Mexico Reports), Attorney General opinions, the Magistrate and Metropolitan Bench Book, and the Juvenile Probation Officers Manual. The commission also maintains a computer database of each publication. In addition, the commission drafts Supreme Court rules, jury instructions, and civil and criminal forms on a contractual basis. It serves as staff to the Supreme Court rules committee, assists in the publication of the Secretary of State's session laws, and is authorized to prepare and keep current parallel tables of the New Mexico statutes.

BUDGET SUMMARY						
(dollars in thousands)						
FY09 – 2008-2009						
	FY07	FY08				
	2006-2007	2007-2008	Agency	LFC		Percent
	Actuals	Budgeted	Request	Recommendation		Incr
						(Decr)
SOURCES						
General Fund Transfers	167.6	147.0	190.0	125.5		-14.6
Other Revenues	1,047.4	1,438.9	1,451.4	1,451.4		0.9
Fund Balance	307.9	0.0	0.0	0.0		***
SOURCES TOTAL	1,522.9	1,585.9	1,641.4	1,576.9		-0.6
USES						
Personal Services and Employee Benefits	180.5	355.6	366.8	342.0		-3.8
Contractual Services	1,203.5	1,058.4	1,090.9	1,062.0		0.3
Other	138.9	171.9	183.7	172.9		0.6
TOTAL USES	1,522.9	1,585.9	1,641.4	1,576.9		-0.6
FTE						
Permanent	5.0	5.0	5.0	5.0		0.0
Term	1.0	1.0	1.0	1.0		0.0
TOTAL FTE POSITIONS	6.0	6.0	6.0	6.0		0.0

BUDGET ISSUES:

The Compilation Commission is an enterprise agency in that, with the exception of a minimal portion of general fund support, the compilation commission is fully funded from civil action filing fees and sale of publications. The commission sells its publications to state agencies for a supplemented rate, reducing the level of spending these agencies would incur if the publications were compiled and distributed through a private entity.

LFC is concerned with the historically high vacancy levels maintained by Compilation Commission and has brought the issue to the commission's attention.

According to the Compilation Commission, its Advisory Committee has been directed by the chief justice, president of the New Mexico Compilation Commission, to develop recommendations to permanently restructure the commission. The newly appointed commission will meet in December to discuss those recommendations. The commission insists that the input of the new director is essential prior to taking any action toward filling vacancies and anticipates that the restructuring will include the hiring of the permanent FTE director.

NEW MEXICO COMPILATION COMMISSION

The purpose of the New Mexico compilation commission program is to publish in print and electronic format, distribute and sell (1) laws enacted by the legislature (2) opinions of the supreme court and court of appeals (3) rules approved by the supreme court (4) attorney general opinions and (5) other state and federal rules and opinions and ensure the accuracy and reliability of its publications.

PERFORMANCE MEASURES

		FY06	FY07	FY08	FY09	FY09
		Actual	Actual	Budget	Request	Recomm
* Output	Amount of revenue collected, in thousands	\$1,152.9	\$1,215.1	\$1,291.3	\$1,291.3	\$1,291.3

STATUTORY AUTHORITY:

An amendment to Article VI, Section 32, of the New Mexico Constitution created the Judicial Standards Commission to provide a means for disciplining judges at all levels of the judiciary. The commission consists of 11 members: six lay people appointed by the governor, two attorneys elected by the New Mexico Bar Association board of commissioners, and three members appointed by the Supreme Court. The latter three positions are filled by a Supreme Court justice, a magistrate judge, and a Court of Appeals or district court judge. The six lay members serve five-year terms, while the attorney and judge members serve four-year terms.

BUDGET SUMMARY						
(dollars in thousands)						
		FY09 – 2008-2009				
		FY07	FY08	Agency	LFC	Percent
		2006-2007	2007-2008	Request	Recommendation	Incr
		Actuals	Budgeted			(Decr)
SOURCES						
	General Fund Transfers	686.8	802.2	837.2	820.3	2.3
	SOURCES TOTAL	686.8	802.2	837.2	820.3	2.3
USES						
	Personal Services and Employee Benefits	495.9	610.6	642.8	628.8	3.0
	Contractual Services	49.8	54.8	55.0	55.0	0.4
	Other	111.1	136.8	139.4	136.5	-0.2
	TOTAL USES	656.8	802.2	837.2	820.3	2.3
FTE						
	Permanent	7.0	7.0	7.0	7.0	0.0
	Temporary	1.0	1.0	1.0	1.0	0.0
	TOTAL FTE POSITIONS	8.0	8.0	8.0	8.0	0.0

BUDGET ISSUES:

The Judicial Standards Commission requested \$837.2 thousand, a \$35 thousand or 4.4 percent increase. LFC recommended \$820.3 thousand or 2.3 percent increase. The increase is primarily in the personal services and benefits category.

In FY07 the commission authorized and ordered drug testing and medical and psychological fitness evaluations for each case. The rising costs for these evaluations are included in the FY09 recommendation.

As was reported last fiscal year, the commission is being challenged in federal district court on the confidentiality provisions of the New Mexico Constitution (Stein v. New Mexico Judicial Standards). Last year, the Legislature appropriated \$19.2 thousand in contractual funds to help the agency defend itself from a federal lawsuit. The costs of litigating this matter are once again included in the commission's budget request for FY09. However, if the plaintiff prevails on his constitutional challenge, the commission may be assessed attorneys' fees and costs for the plaintiff, which is not in the commission's budget base.

JUDICIAL STANDARDS COMMISSION

The purpose of the judicial standards commission program is to provide a public review process addressing complaints involving judicial misconduct in order to preserve the integrity and impartiality of the judicial process.

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
Efficiency	Average time for complaint requiring investigation to reach disposition, in months	4.3		5	5	5
Efficiency	Average case duration rate, by meeting cycle	2.3		5	5	5
Explanatory	Number of complaints received regarding judicial misconduct	2441				
Explanatory	Percent of complaints requiring research investigation	95				
* Efficiency	Upon knowledge of cause for emergency interim suspension, time for commission to file petition for temporary suspension, in days		1.6	2	2	2
* Output	Time for release of annual report to the public, from the end of the fiscal year, in months		2	2	2	2
* Efficiency	For cases in which formal charges are filed, average time for formal hearings to be reached, in meeting cycles		4.25	3	3	3
Explanatory	Number or inquiries regarding judicial disciplinary matters		2451			
Explanatory	Number of docketed complaints		109			

STATUTORY AUTHORITY:

The Court of Appeals was established by constitutional amendment in 1965. Its statutory authority is found in Sections 34-5-1 through 34-5-14 NMSA 1978. The court has no original jurisdiction but reviews certain types of cases on appeal: violations of municipal or county ordinances where a fine or imprisonment is imposed; decisions of state administrative agencies; all actions under the Workers' Compensation Act, the New Mexico Occupational Disease Disablement Law, the Subsequent Injury Act, and the federal Employers' Liability Act; and criminal action from the district courts, except those involving the death penalty or life imprisonment. Section 34-5-8 NMSA 1978 was amended in 1983 to include appeals of civil actions not specifically reserved for the jurisdiction of the Supreme Court by the Constitution or by law. The Court of Appeals consists of 10 judges elected statewide for eight-year terms and maintains offices in Santa Fe and Albuquerque.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,369.7	5,511.4	5,715.1	5,690.1	3.2
Other Revenues	1.5	1.0	1.0	1.0	0.0
SOURCES TOTAL	5,371.2	5,512.4	5,716.1	5,691.1	3.2
USES					
Personal Services and Employee Benefits	4,666.8	4,963.6	5,138.0	5,132.9	3.4
Contractual Services	14.7	129.8	135.0	135.0	4.0
Other	431.5	419.0	443.1	423.2	1.0
TOTAL USES	5,113.0	5,512.4	5,716.1	5,691.1	3.2
FTE					
Permanent	59.5	59.5	60.5	60.5	1.7
TOTAL FTE POSITIONS	59.5	59.5	60.5	60.5	1.7

BUDGET ISSUES:

For FY08, the Court of Appeals overall general fund request includes an expansion request and 4 percent increase across-the-board to cover increased communication, transportation, maintenance, and audit costs. The LFC recommendation includes the expansion and a 3.2 percent budget increase to cover inflationary costs.

Although funds are not included in this request, the Court of Appeals is seeking a \$6.6 million capital outlay appropriation to complete phase two construction of the annex in Albuquerque to supplement the main office space in Santa Fe. The Legislature appropriated \$1.2 million to the Court of Appeals in 2006 and \$7.8 million for phase one in 2007 for planning, design, and construction of the annex. The planning and design phases are moving forward, and the court plans to break ground in 2008.

BASE EXPANSION:

The Court of Appeals requested \$50.9 thousand for a court clerk position in Albuquerque. Currently, the court employs four court clerks, one of which handles all case filings for Albuquerque. During FY07 the court experienced a 8.4 percent increase in new case filings, up from 900 to 976. According to the Court of Appeals, each case filing can take up to 15 hours to process. As a result, the court has encountered difficulties in trying to maintain a level of service responsive to the needs of the public, litigants, and attorneys.

The LFC recommendation includes \$41.4 thousand for the clerk to enable the court to process files in a timely fashion and assist with imaging closed case files.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Judicial Court Clerk 1	(APPEALS CRT)	50.9	41.4
TOTAL			50.9	41.4

COURT OF APPEALS

The purpose of the court of appeals program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
*	Explanatory Cases disposed as a percent of cases filed	97.9%	98.6%	95%	95%	97%
	Explanatory Number of legal opinions written	684	759			

STATUTORY AUTHORITY:

Article VI of the Constitution of New Mexico provides for a Supreme Court consisting of five justices, including a chief justice. The Supreme Court is considered the court of last resort in the state of New Mexico, having original jurisdiction in quo warranto and mandamus against all state officers, boards, and commissions, as well as superintending control over all lower courts. The Supreme Court also has the power to issue writs.

		BUDGET SUMMARY (dollars in thousands)				
				FY09 – 2008-2009		
		FY07	FY08	Agency	LFC	Percent
		2006-2007	2007-2008	Request	Recommendation	Incr
		Actuals	Budgeted			(Decr)
SOURCES						
	General Fund Transfers	2,711.2	3,003.4	3,116.6	3,005.5	0.1
	SOURCES TOTAL	2,711.2	3,003.4	3,116.6	3,005.5	0.1
USES						
	Personal Services and Employee Benefits	2,495.5	2,745.8	2,814.7	2,736.8	-0.3
	Contractual Services	15.4	48.4	51.1	51.1	5.6
	Other	177.9	209.2	250.8	217.6	4.0
	TOTAL USES	2,688.8	3,003.4	3,116.6	3,005.5	0.1
FTE						
	Permanent	32.0	32.0	34.0	33.0	3.1
	Term	0.0	1.0	0.0	0.0	-100.0
	TOTAL FTE POSITIONS	32.0	33.0	34.0	33.0	0.0

BUDGET ISSUES:

With the exception of the FTE expansion request, the court’s modest increase is requested in contractual services and other costs, where it will be applied to support rising transportation, communication, audit, and utility costs.

BASE EXPANSION:

The Supreme Court requested \$78.2 thousand in expansion to fund a human resource administrator and conversion to permanent FTE status for an appellate paralegal received in FY08 pursuant to Laws 2007, Chapter 21. The administrator would be dedicated to administering human resources activities for the Supreme Court, Court of Appeals, Compilation Commission, Building Commission, and Law Library. Currently, human resource tasks are administered by the financial staff in each agency. According to the Supreme Court, one centralized employee dedicated to human resources would provide concentrated and efficient administration of all human resource needs while permitting financial staff to concentrate on budget and any other financial issues.

The LFC recommendation supports the conversion of the appellate paralegal but does include funding for the administrator expansion.

BASE EXPANSION LISTING FY09 - 2008-2009				
Agency Rank		(Program)	Agency Request	LFC Recommendation
2	HR Analyst	(SUPREME CRT)	78.2	0.0
TOTAL			78.2	0.0

SUPREME COURT

The purpose of the supreme court program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06	FY07	FY08	FY09	FY09
		Actual	Actual	Budget	Request	Recomm
*	Explanatory	Cases disposed as a percent of cases filed	97.3%	98.5%	95%	95%
	Explanatory	Number of opinions, decisions and dispositional orders written	93	102		

STATUTORY AUTHORITY:

The Supreme Court Building Commission was established by Sections 34-3-1 through 34-3-3 NMSA 1978. The commission consists of three New Mexico residents appointed by the Supreme Court who serve without pay. The building superintendent is directly responsible to the commission for supervision of custodial staff and for the preservation and maintenance of the Supreme Court building and its grounds. The commission is further charged with maintaining accurate fixed assets records for furniture, fixtures, and equipment acquired by the judiciary.

		BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
		FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES						
	General Fund Transfers	729.8	761.6	780.3	775.0	1.8
	SOURCES TOTAL	729.8	761.6	780.3	775.0	1.8
USES						
	Personal Services and Employee Benefits	595.9	627.6	637.6	634.9	1.2
	Contractual Services	5.6	6.7	6.9	6.9	3.0
	Other	126.7	127.3	135.8	133.2	4.6
	TOTAL USES	728.2	761.6	780.3	775.0	1.8
FTE						
	Permanent	15.3	15.3	15.3	15.3	0.0
	TOTAL FTE POSITIONS	15.3	15.3	15.3	15.3	0.0

BUDGET ISSUES:

For the third year in a row, LFC has requested the Supreme Court Building Commission develop a formal building master plan and a formal building maintenance plan. The commission has also been asked to report the court's "facility maintenance index," the ratio of repair cost to replacement cost. Thus far, the agency has not provided LFC with data from the facility maintenance index.

SUPREME COURT BUILDING COMMISSION

The purpose of the supreme court building commission program is to retain custody and control of the supreme court building and its grounds to provide care, preservation, repair, cleaning, heating and lighting and to hire necessary employees for these purposes.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Quality	Accuracy of fixed-assets inventory records	92%	93%	100%	100%	100%

STATUTORY AUTHORITY:

The Administrative Office of the Courts (AOC) is statutorily created in Sections 34-9-1 through 34-9-16 NMSA 1978 to be established in the seat of government and supervised by a director appointed by the New Mexico Supreme Court. The agency has four recognized programs: Administrative Support, Magistrate Court, Statewide Judiciary Automation, and Special Court Services. AOC is the oversight agency for the judiciary, supervising all matters relating to the administration of the courts.

MISSION:

The mission of the Administrative Office of the Courts is to administer the Magistrate Court Program and the Statewide Judiciary Automation Program, provide guidance and technical assistance to all judicial agencies, and provide funding and oversight for special court services.

		BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		
		FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES						
	General Fund Transfers	36,044.0	41,970.4	52,348.6	43,887.8	4.6
	Other Transfers	344.1	3,505.0	1,384.7	1,384.7	-60.5
	Federal Revenues	366.1	539.9	951.4	951.4	76.2
	Other Revenues	6,690.7	5,011.5	7,516.1	7,511.5	49.9
	Fund Balance	1,559.2	1,703.7	946.4	946.4	-44.5
	SOURCES TOTAL	45,004.1	52,730.5	63,147.2	54,681.8	3.7
USES						
	Personal Services and Employee Benefits	23,876.5	25,894.1	28,554.5	26,944.6	4.1
	Contractual Services	6,065.0	8,920.9	12,405.4	9,198.1	3.1
	Other	12,793.9	15,107.9	19,649.0	16,000.8	5.9
	Other Financing Uses	1,748.2	2,807.6	2,538.3	2,538.3	-9.6
	TOTAL USES	44,483.6	52,730.5	63,147.2	54,681.8	3.7
FTE						
	Permanent	346.8	356.8	374.3	360.8	1.1
	Term	67.3	68.3	69.5	69.5	1.8
	TOTAL FTE POSITIONS	414.1	425.1	443.8	430.3	1.2

BUDGET ISSUES:

AOC requested a 14.9 percent general fund base increase and a 24.7 percent overall fund increase. LFC recommends a 4.6 percent general fund increase.

In FY09, AOC projects the administrative support program will receive \$871 thousand in additional county (Driving While Intoxicated grants) and federal funds.

A portion of docket fees are deposited in the Supreme Court automation fund (SCAF) in the judiciary automation program. Since FY03, these docket fees have been declining. In FY08, the Legislature appropriated \$940 thousand from the general fund to replace other state funds for SCAF employees and the JID building lease. For FY09, AOC requested to have all SCAF positions funded by the general fund with use of remaining SCAF funds for video arraignment and maintenance, repair, and purchase of IT equipment. LFC recommends a 4.4 percent general fund increase to cover base operating costs.

For FY09, the Magistrate Court Program faces rising costs. A new magistrate court facility in Espanola was completed in October and is expected to be occupied by early FY08. Also, a successful procurement was conducted for a new facility in Las Cruces for which construction is expected to begin in early FY08. Security improvements and remodeling have been completed or are underway in Lovington, Gallup, Bernalillo, Aztec, and Los Lunas.

In FY08, the general fund appropriation to the Magistrate Court Program included an additional \$950 thousand for the court facility fund used for debt service on the bonds associated with construction of the Bernalillo County Metropolitan Court and the parking garage. This was intended to ensure compliance with the bond covenant requiring revenues at 120 percent of debt service and perhaps to increase the reversion from the New Mexico Finance Authority to AOC for other magistrate courts. To date, unaudited figures for the court facility fund show that in FY07 revenues leveled off. The Legislature in 2008 should review

these revenues to determine whether additional revenues may be expected above the \$350 thousand in the AOC's operating budget and FY09 request.

Beginning in FY08, the Legislature added to the special court services program an attorney specializing in water resources to better examine the stream adjudication process from both a structural and procedural standpoint. AOC reports the attorney is continuing to update records associated with the San Juan, Lower Rio Grande, and Pecos stream adjudications. Currently, data managers are indexing adjudication documents into the state court case management system, where they will be accessible to the public. Further, AOC staff in conjunction with legislative staff is spearheading a promising pilot program for adjudication of the Middle Rio Grande.

BASE EXPANSION:

LFC recommends \$50 thousand for a financial administrator to help oversee all judiciary statewide financial activities. The position was recommended by the Legislature during the 2007 session; however, it was vetoed by the governor. LFC also recommends \$70 thousand for a magistrate court staff attorney in the administrative support program to assist with the 54 magistrate courts. Funding this position will help AOC keep up with growth and provide legal assistance to magistrate judges.

LFC recommends \$100 thousand in general fund for three magistrate court clerks. The National State Courts staff study supports the expansion, given the number of court cases entered per magistrate court clerk in New Mexico is above the national average. Without added clerical support, cases will continue to be backlogged, causing longer wait times for judicial service.

LFC recommends \$100 thousand for the Access and Supervised Visitation Program to provide safe child exchanges and supervised visitation services to the five judicial districts not being served, with priority given to McKinley County, Eleventh Judicial District. The program will serve courts that routinely write local access and visitation program services into their court orders, stipulating the level of supervision required. Outcomes include continuity of the noncustodial parent and child relationship, prevention of further violence, and improved child well-being.

Since FY94, the Legislature has earmarked funds to pay for court-appointed attorneys. The funds are expended to pay court appointed attorneys' fees, court-appointed guardians ad litem, and court-appointed treatment guardians when appointment is required by law. Approximately 89 percent of the fund is used to pay for representation in abuse and neglect cases. LFC recommends an increase of \$400 thousand to the court-appointed attorney fee fund (CAAFF). This would increase the recurring appropriation and raise the fund from \$4.3 million to \$4.7 million. Inadequate compensation may be a major barrier to adequate representation. The Special Court Services Program reports the number of custody cases in the state has increased 40 percent since 2002. Meanwhile, the courts continue to face problems finding qualified attorneys to handle the caseload increase because court-appointed attorneys in New Mexico are paid at a rate lower than other contracted positions in and outside of the state. The increase aims to set a \$50 an hour rate for court-appointed attorneys.

For the Special Court Services Program, LFC recommends \$70 thousand for an associate staff attorney to staff the Supreme Court Access to Justice Commission and provide direct legal services to self-represented litigants.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Financial assistant (1 FTE)	(ADMIN)	52.0	50.0
2	Fixed asset manager (1 FTE)	(ADMIN)	67.1	0.0
3	Magistrate court staff attorney (1 FTE)	(ADMIN)	93.9	70.0
4	Internal auditor (1 FTE)	(ADMIN)	74.6	0.0
5	Court clerk supervisor (MAG) (1 FTE)	(ADMIN)	85.7	0.0
6	Increase interpreter hourly rate	(ADMIN)	125.0	0.0
7	Court clerk I (MAG) (9FTE)	(MAG CRT)	437.2	100.0
8	Court clerk I (MAG) term to perm (1 FTE)	(MAG CRT)	0.0	0.0
9	Tech project manager (1 FTE)	(JUD AUTO)	88.9	0.0
10	Network systems administrator (1 FTE)	(JUD AUTO)	88.8	0.0
11	Access to justice (1 FTE)	(SPEC SRVCS)	145.6	70.0
12	Court reporters	(SPEC SRVCS)	275.0	0.0
13	Access and supervised visitations	(SPEC SRVCS)	365.0	100.0
14	Court appointed attorney (1.5 FTE)	(SPEC SRVCS)	2,239.2	400.0
TOTAL			4,138.0	790.0

ADMINISTRATIVE SUPPORT

The purpose of the administrative support program is to provide administrative support to the chief justice, all judicial branch units and the administrative office of the courts so that they can effectively administer the New Mexico court system.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,692.6	8,883.9	10,408.0	8,762.3	-1.4
Other Transfers	159.4	120.0	579.7	579.7	383.1
Federal Revenues	366.1	539.9	951.4	951.4	76.2
Other Revenues	477.5	525.0	525.0	525.0	0.0
Fund Balance	35.3	0.0	0.0	0.0	***
SOURCES TOTAL	7,730.9	10,068.8	12,464.1	10,818.4	7.4
USES					
Personal Services and Employee Benefits	2,510.9	2,803.2	3,502.8	3,176.3	13.3
Contractual Services	657.4	1,241.8	1,592.1	1,245.8	0.3
Other	4,520.7	5,073.8	6,319.2	5,346.3	5.4
Other Financing Uses	76.2	950.0	1,050.0	1,050.0	10.5
TOTAL USES	7,765.2	10,068.8	12,464.1	10,818.4	7.4
FTE					
Permanent	34.0	35.8	40.8	37.8	5.4
Term	8.0	2.8	4.0	4.0	42.9
TOTAL FTE POSITIONS	42.0	38.6	44.8	41.8	8.2

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Outcome	Percent of jury summons successfully executed	80.5%	76.7%	92%	92%	92%
* Output	Average cost per juror	\$39.62		\$42	\$42	\$42

STATEWIDE JUDICIARY AUTOMATION

The purpose of the statewide judiciary automation program is to provide development, enhancement, maintenance and support for core court automation and usage skills for appellate, district, magistrate and municipal courts and ancillary judicial agencies.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,881.1	2,940.6	5,541.7	3,068.6	4.4
Other Revenues	4,406.5	4,486.5	4,491.1	4,486.5	0.0
Fund Balance	274.9	786.9	674.2	674.2	-14.3
SOURCES TOTAL	6,562.5	8,214.0	10,707.0	8,229.3	0.2
USES					
Personal Services and Employee Benefits	3,795.9	4,170.3	4,524.1	4,217.4	1.1
Contractual Services	417.1	785.4	1,351.4	796.8	1.5
Other	2,169.3	3,258.3	4,831.5	3,215.1	-1.3
TOTAL USES	6,382.3	8,214.0	10,707.0	8,229.3	0.2
FTE					
Permanent	34.3	39.5	41.5	39.5	0.0
Term	2.8	9.0	9.0	9.0	0.0
TOTAL FTE POSITIONS	37.1	48.5	50.5	48.5	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Quality	Percent of accurate driving-while-intoxicated court reports	93.1%	93.6%	98%	98%	98%
Quality	Percent reduction in number of calls for assistance from judicial agencies regarding the case management database and network	-20.7%	-33.8%	10%	10%	10%
* Quality	Average time to respond to automation calls for assistance, in minutes	957		25	25	25
Output	Number of help desk calls for assistance	5,175	7,188	6,000	6,000	6,000
Quality	Average time to resolve automation calls for assistance, in hours	19.2		8	8	8

MAGISTRATE COURT

The purpose of the magistrate court and warrant enforcement program is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	20,819.5	22,640.3	25,724.1	24,147.6	6.7
Other Transfers	184.7	3,035.0	455.0	455.0	-85.0
Other Revenues	1,806.7	0.0	2,500.0	2,500.0	***
Fund Balance	1,249.0	916.8	272.2	272.2	-70.3
SOURCES TOTAL	24,059.9	26,592.1	28,951.3	27,374.8	2.9
USES					
Personal Services and Employee Benefits	17,523.7	18,860.7	20,241.0	19,387.7	2.8
Contractual Services	328.6	642.6	585.1	585.1	-8.9
Other	6,073.3	6,738.8	8,125.2	7,402.0	9.8
Other Financing Uses	0.0	350.0	0.0	0.0	-100.0
TOTAL USES	23,925.6	26,592.1	28,951.3	27,374.8	2.9
FTE					
Permanent	278.5	280.5	288.5	281.5	0.4
Term	56.5	56.5	56.5	56.5	0.0
TOTAL FTE POSITIONS	335.0	337.0	345.0	338.0	0.3

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Bench warrant revenue collected annually, in millions	\$2.28	\$2.11	\$2.4	\$2.4	\$2.4
* Explanatory	Percent of cases disposed as a percent of cases filed	102.3%	102.3%	95%	95%	95%
Explanatory	Dollar amount of criminal case fees and fines collected, in millions	\$15.15	\$11.61			
* Efficiency	Percent of magistrate courts financial reports submitted to fiscal services division and reconciled on a monthly basis	99%	99.5%	100%	100%	100%
Output	Number of bench warrants issued	44,627				
Output	Number of cases in which bench warrant fees are collected	22,661				

SPECIAL COURT SERVICES

The purpose of the special court services program is to provide court advocates, legal counsel and safe exchanges for children and families, to provide judges pro tempore and to adjudicate water rights disputes so that the constitutional rights and safety of citizens (especially children and families) are protected.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,650.8	7,505.6	10,674.8	7,909.3	5.4
Other Transfers	0.0	350.0	350.0	350.0	0.0
SOURCES TOTAL	6,650.8	7,855.6	11,024.8	8,259.3	5.1
USES					
Personal Services and Employee Benefits	46.0	59.9	286.6	163.2	172.5
Contractual Services	4,661.9	6,251.1	8,876.8	6,570.4	5.1
Other	30.6	37.0	373.1	37.4	1.1
Other Financing Uses	1,672.0	1,507.6	1,488.3	1,488.3	-1.3
TOTAL USES	6,410.5	7,855.6	11,024.8	8,259.3	5.1
FTE					
Permanent	0.0	1.0	3.5	2.0	100.0
TOTAL FTE POSITIONS	0.0	1.0	3.5	2.0	100.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Number of required events attended by attorneys in abuse and neglect cases	8,841	9,189	8,000	8,000	8,000
* Output	Number of monthly supervised child visitations conducted	497	329	500	500	500
* Output	Number of cases to which court appointed special advocates volunteers are assigned	1,674	1,464	1,600	1,600	1,600

STATUTORY AUTHORITY:

The New Mexico district courts are statutorily created in Sections 34-6-1 through 34-6-46 NMSA 1977. New Mexico has 13 judicial districts over which 88 judges preside. Distribution and number of judgeships is determined in New Mexico statute. In the last three years 15 district judgeships have been statutorily created.

MISSION:

The district courts have jurisdiction over all matters not specifically excepted in the New Mexico Constitution, including common law disputes, felony criminal actions and statutorily-directed matters involving children. The district courts have appellate jurisdiction over most decisions rendered by lower courts and administrative agencies. They may appoint or remove conservators, guardians and specified public officials. They may commit persons to the care of the State, issue writs of aid of jurisdiction and promulgate court rules consistent with rules established by the Supreme Court.

BUDGET SUMMARY (dollars in thousands)					
	<u>FY09 – 2008-2009</u>				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	61,898.2	69,936.9	77,876.7	71,746.0	2.6
Other Transfers	6,067.2	5,052.1	5,448.6	5,448.6	7.8
Federal Revenues	127.8	0.0	0.0	0.0	***
Other Revenues	1,569.7	1,713.2	1,698.4	1,698.4	-0.9
Fund Balance	565.0	375.3	505.0	505.0	34.6
SOURCES TOTAL	70,227.9	77,077.5	85,528.7	79,398.0	3.0
USES					
Personal Services and Employee Benefits	56,300.3	64,243.3	69,776.2	66,594.1	3.7
Contractual Services	6,401.1	7,866.8	9,841.9	7,970.9	1.3
Other	6,111.1	4,855.3	5,820.2	4,833.0	-0.5
Other Financing Uses	15.0	15.0	0.0	0.0	-100.0
TOTAL USES	68,827.5	76,980.4	85,438.3	79,398.0	3.1
FTE					
Permanent	875.8	926.7	1,001.0	947.4	2.2
Term	62.8	65.8	69.3	64.0	-2.7
Temporary	0.5	1.5	0.0	0.0	-100.0

BUDGET ISSUES:

District courts participate in the judicial “unified budget” by proposing and gaining support for their submitted budgets through the judiciary budget committee and the Chief Judges Council. The unified budget, however, is not actually received by the Legislature as a unified request on September 1 of each year, rather individual budgets that include base increases and expansion FTE are submitted to LFC and DFA. For FY09 the judiciary budget committee approved a 3 percent increase in contractual services and other costs and allowed personal services and employee benefits categories to reflect full funding for authorized positions and related benefits regardless of the increase. On FTE, the budget committee permitted districts to submit expansion requests based on a proportion of the number identified in the 2004 staff workload study.

In FY08 the district court’s unified budget grew 12 percent. For FY09, LFC recommends almost \$70.8 million from the general fund, a 1.2 percent increase, and total funding of \$79.4 million, a 3 percent increase. The recommendation focuses resources on current program and base needs.

The LFC recommendation applies vacancy rates ranging from 1 percent to 3 percent for those courts with more than 25 FTE.

Contractual services were reduced to FY08 operating levels unless additional drug court or audit funds were recommended.

In response to the committee’s concerns with the high number of vacancies maintained by the 1st District in FY07, the court has reduced vacancies significantly and filled all but five positions as of September 1, 2007.

Last year, the 3rd Judicial District Court implemented a new scanning file system, installed gold digital recording, and relocated the domestic relations wing. With the addition of a new judgeship in FY07, the court found it necessary to remodel the newly added domestic wing. An additional courtroom to accommodate the eighth judgeship is also currently under construction.

Effectively incorporating the Lower Rio Grande adjudication case into the core functions of the court has been one of the most challenging issues facing the 3rd Judicial District Court. In FY06, the court processed 14,506 docketing events in stream adjudication cases alone. The court has experienced further difficulty in gauging when resources are required, because the State Engineer's Office determines the work-flow of cases. According to the court, the clerical equivalent for processing water cases is comparable to a nonjury civil case and may vary in complexity.

The 4th Judicial District Court has grown substantially in the past few years in terms of facilities, staff and budget. In June 2007, the court began occupying its new facility in Las Vegas and grew from 2,500 square feet to 23,000 square feet, and added 10 additional FTE. To maintain levels of service, LFC recommends a 12 percent increase under the other costs category. Overall LFC recommends a 1.5 percent base budget increase as a result of GSD insurance premium rates, increased costs associated with operating a new facility, and additional lease requirements.

For the 7th Judicial District Court, the LFC authorizes 4 FTE funded in Laws 2007 Chapter 21 (Senate Bill 611). The recommendation also converts four term positions to permanent status. All positions are currently supported by recurring general fund and should correspond with the drug-court program and its recurring funds.

The 11th Judicial District's base budget recommendation is 3.8 percent over the FY08 operating budget. The recommendation includes a 5.4 percent increase in the other costs category due to rising travel, gas and oil, and telecommunication costs. The FY09 recommendation authorizes 1.5 FTE positions and converts three term positions to permanent status; these positions are currently funded by local county and federal funds.

The LFC recommendation includes \$126.8 thousand in general fund replacement for the 12th Judicial District Court and \$80 thousand for the 13th Judicial District Court to replace federal funds for their drug court programs.

BASE EXPANSION:

LFC considered several factors when making expansion recommendations, including the 2004 National Center for State Courts (NCSC) staff study, community population growth, increase in caseloads, and case filings processed per FTE.

The LFC recommendation for the 1st Judicial District includes \$100 thousand and 1 FTE for enhancement of the mental health treatment court program, and 1 FTE court clinician. This will provide an alternative for individuals charged with criminal offenses that suffer from mental illness. With increased funds, the treatment court can increase the number of participants, provide a greater array of services, and reduce the number of days participants spend in jail or in the hospital. The committee also recommends \$50 thousand for an FTE court clinician expansion in the Family Court Services Division of the 1st Judicial District Court. This will reduce backlogs associated with rising family court caseloads, which increased by 118 percent from FY06 to FY08, and abuse and neglect mediations, which increased 231 percent over the same period.

LFC recommends \$55 thousand for 1 investigator FTE expansion for the 2nd Judicial District's Pretrial Services Division. Investigators in the division have experienced a 25 percent increase in investigations since FY04. LFC also recommends \$100 thousand for two court clerks to assist with increases in cases filings.

The 3rd Judicial District Court recommendation includes \$80 thousand to hire two court clerks. These positions will provide the additional resources needed to enhance the criminal and civil divisions and to effectively process and maintain the case management system. In addition, the staff study provided to the committee by the National Center for State Courts indicates the 3rd Judicial District Court has one of the highest clerk filings rate in the state: an average of 344 cases each per year and 30 percent more than the state average. The recommendation for the 3rd District Court also includes \$66 thousand for 1.5 term positions and a clerk and bailiff for the child support hearing officer program. The positions will be funded through a transfer from the Human Services Department.

The recommendation for the 5th Judicial District Court includes \$76.4 thousand to enhance services of the family drug court. With added drug-court funds, the committee aims to increase the number of clients the drug-court program serves and eliminate the need to place clients on a waiting list.

LFC recommends replenishing the lapsing DWI funds for the 6th Judicial District Teen Court. In FY07, the teen court processed 155 cases with a 93 percent completion rate. By replacing these funds, the program will be able to maintain the performance level of previous years and continue to reduce court back logs and juvenile probation officers workload at a minimal cost.

For the 9th Judicial District Court, LFC authorizes 2.5 term positions that receive funding from a government services cooperative agreement between the court and Human Services Department.

The LFC recommendation for the 11th Judicial District includes \$100 thousand for a Mental Health Court to fund an FTE and treatment for 20 individuals.

The 12th Judicial District Court recommendation includes \$20 thousand for medical treatment and the authorization for 2 FTE to enhance their juvenile drug court. No additional funds are needed for the FTE because contractual services funds will be transferred into the personal services and employee benefits.

LFC recommends \$80 thousand for a court clinician in the 13th Judicial District. This position will assist the court in developing the in-house capacity for home studies of participants in domestic relations and domestic violence cases.

**BASE EXPANSION:
FY09 – 2008-2009**

Agency Rank		(Division)	Agency Request	LFC Recommendation-
a01	Mental health treatment court	1st District	206.40	100.00
a02	Family court services (3 FTE)	1st District	212.30	50.00
a03	Court clerk II for jury division	1st District	51.50	0.00
a04	Adult drug court	1st District	109.20	0.00
a05	Administrative assistant (.5 FTE)	1st District	35.10	0.00
a06	Bailiff	1st District	15.80	0.00
b01	Court clerk II (1 FTE)	2nd District	206.30	100.00
b02	Domestic violence probation officer (1 FTE)	2nd District	67.10	0.00
b03	Criminal background investigator	2nd District	67.10	55.00
b04	Juvenile drug court expansion	2nd District	75.30	0.00
c01	court clerk 2 (4 FTE)	3rd District	211.20	80.00
c02	Legal office specialist (1 FTE)	3rd District	62.20	0.00
c03	Procurement specialist (1 FTE)	3rd District	62.10	0.00
c04	Human resources specialist (1 FTE)	3rd District	56.90	0.00
c05	Child support hearing officer clerk (1 FTE)	3rd District	47.80	47.80
c06	Child support hearing officer bailiff (1 FTE)	3rd District	18.20	18.20
d01	ADD staff attorney (1 FTE)	4th District	103.00	0.00
d02	New adult drug court	4th District	213.90	0.00
d03	Juvenile drug court expansion (1 FTE)	4th District	139.80	0.00
e01	Trial court staff attorneys (2 FTE)	5th District	212.90	0.00
e02	Drug court administrative assistant (1 FTE)	5th District	76.40	76.40
f01	Financial specialist (1 FTE)	6th District	60.90	50.00
f02	Bailiff (1 FTE)	6th District	39.20	0.00
f03	Court Monitor (1 FTE)	6th District	48.50	0.00
f04	Teen court	6th District	10.00	10.00
f05	Restorative justice program	6th District	270.00	0.00
g01	Drug court expansion	7th District	93.70	0.00
g02	Term to permanent (4 FTE)	7th District	0.00	0.00
h01	Colfax county court clerk II (1 FTE)	8th District	8.90	8.90
h02	Colfax county bailiff (1 FTE)	8th District	30.20	30.20
h03	Colfax county adult drug court	8th District	24.70	0.00
h04	Taos county juvenile drug court	8th District	22.90	22.90

DISTRICT COURTS (ALL)**231-243****BASE EXPANSION:
FY09 – 2008-2009**

Agency Rank		(Division)	Agency Request	LFC Recommendation-
h05	Taos county adult drug court	8th District	22.50	22.10
h06	Colfax county juvenile drug court	8th District	168.50	0.00
i01	Court clerk file II (1 FTE)	9th District	45.30	0.00
i02	Administrative assistant (1 FTE)	9th District	53.40	0.00
i03	Court clerk audit II (1 FTE)	9th District	45.30	0.00
i04	Court Monitor (1 FTE)	9th District	0.00	0.00
i05	court clerk II (1.5 FTE)	9th District	102.10	102.10
j01	Court clerk II (1 FTE)	10th District	51.50	0.00
k01	Human resource analyst (1 FTE)	11th District	59.90	0.00
k02	IT specialist (1 FTE)	11th District	80.80	0.00
k03	Security bailiff (1 FTE)	11th District	40.50	0.00
k04	Juvenile drug court program	11th District	299.20	0.00
k05	Mental health treatment court	11th District	158.10	100.00
k06	Pre-trial services program	11th District	207.90	0.00
k07	Adult drug court	11th District	60.00	0.00
k08	Access and supervised visitation	11th District	125.00	0.00
l01	Administrative assistant (.5 FTE)	12th District	0.00	0.00
l02	Adult drug court replacement (1 FTE)	12th District	125.60	125.60
l03	Juvenile drug court expansion (2 FTE)	12th District	20.00	20.00
m01	Court clinicians (2 FTE)	13th District	194.00	80.00
m02	Adult drug court (1 FTE)	13th District	51.40	0.00
m03	Program manager (1 FTE)	13th District	221.40	0.00
m04	Administrative assistant (1 FTE)	13th District	47.70	0.00
m05	Adult drug court (2 FTE)	13th District	218.60	0.00
m06	Probation officer (SA) (1 FTE)	13th District	19.70	0.00
m07	Probation officer (CF)(1 FTE)	13th District	157.50	0.00
m08	Family drug court services (1 FTE)	13th District	32.90	0.00
m09	PT administrative assistant (1 FTE)	13th District	30.10	0.00
m10	Juvenile drug court (1 FTE)	13th District	122.90	0.00
m11	Court clerk II (1 FTE)	13th District	51.60	0.00
m12	Project manager (1 FTE)	13th District	86.10	0.00
m13	Program division director (1 FTE)	13th District	97.00	0.00
m14	Budget analyst (1 FTE)	13th District	77.70	0.00
<u>m15</u>	<u>Administrative assistant (1 FTE)</u>	<u>13th District</u>	<u>62.80</u>	<u>0.00</u>
TOTAL			5,996.50	1,108.60

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,917.6	6,474.0	7,239.8	6,564.0	1.4
Other Transfers	452.3	431.3	433.5	433.5	0.5
Other Revenues	364.8	431.2	482.9	482.9	12.0
SOURCES TOTAL	6,734.7	7,336.5	8,156.2	7,480.4	2.0
USES					
Personal Services and Employee Benefits	5,464.2	6,092.0	6,618.6	6,194.0	1.7
Contractual Services	741.8	827.3	1,054.3	879.8	6.3
Other	522.8	417.2	483.3	406.6	-2.5
TOTAL USES	6,728.8	7,336.5	8,156.2	7,480.4	2.0
FTE					
Permanent	75.5	85.0	91.0	87.8	3.2
Term	6.5	7.5	8.8	7.5	0.0
TOTAL FTE POSITIONS	82.0	92.5	99.8	95.3	3.0

FIRST JUDICIAL DISTRICT COURT

The purpose of the first judicial district court program, statutorily created in Santa Fe, Rio Arriba and Los Alamos counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	98.1%	112.7%	95%	95%	95%
Explanatory	Percent change in case filings by case type	2.3%	7.9%			
* Quality	Recidivism of adult drug-court graduates	13.73%	22.22%	9.3%	9.3%	9%
Explanatory	Cost per client per day for adult drug-court participants	\$37.49	\$41.53			
* Quality	Recidivism of juvenile drug-court graduates	20.41%	11.11%	20%	15%	15%
Explanatory	Cost per client per day for juvenile drug-court participants	\$34.68	\$30.93			
* Output	Number of adult drug-court graduates	16	21	16	16	21
* Output	Number of juvenile drug-court graduates	19	11	17	17	17
Output	Median number of days to process vendor payment vouchers	3.3	8.4	18	18	10
* Output	Number of days to process juror payment vouchers	3.1	4.9	14	14	10
* Explanatory	Graduation rate, juvenile drug court	43.18%	50.0%	50%	50%	50%
* Explanatory	Graduation rate, adult drug court	40.00%	33.3%	45%	45%	45%

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	19,961.4	21,793.9	23,088.2	22,143.8	1.6
Other Transfers	1,694.5	1,440.2	1,525.6	1,525.6	5.9
Other Revenues	648.9	719.0	641.1	641.1	-10.8
Fund Balance	330.4	160.8	283.8	283.8	76.5
SOURCES TOTAL	22,635.2	24,113.9	25,538.7	24,594.3	2.0
USES					
Personal Services and Employee Benefits	20,277.4	22,437.6	23,712.4	22,971.0	2.4
Contractual Services	586.0	496.2	513.8	476.5	-4.0
Other	1,322.5	1,180.1	1,312.5	1,146.8	-2.8
TOTAL USES	22,185.9	24,113.9	25,538.7	24,594.3	2.0
FTE					
Permanent	312.5	329.5	336.5	331.5	0.6
Term	28.5	28.5	28.5	28.5	0.0
TOTAL FTE POSITIONS	341.0	358.0	365.0	360.0	0.6

SECOND JUDICIAL DISTRICT COURT

The purpose of the second judicial district court program, statutorily created in Bernalillo county, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	98.4%	99%	95%	95%	95%
Explanatory	Percent change in case filings by case type	0.3%	-3.6%			
* Quality	Recidivism of adult drug-court graduates	10.98%	9.21%	10%	11%	10%
Explanatory	Cost per client per day for adult drug-court participants	\$9.97	\$12.59			
* Quality	Recidivism of juvenile drug-court graduates	23.68%	22.92%	10%	10%	10%
Explanatory	Cost per client per day for juvenile drug-court participants	\$38.23	\$33.99			
* Output	Number of adult drug-court graduates	98	122	185	185	185
* Output	Number of juvenile drug-court graduates	17	22	17	17	20
Output	Median number of days to process vendor payment vouchers	1	2.63	5	5	5
* Output	Number of days to process juror payment vouchers	13	12.3	14	14	14
* Explanatory	Graduation rate, adult drug court	50.52%	55.0%	55%	55%	55%
* Explanatory	Graduation rate, juvenile drug court	58.62%	51.2%	60%	52%	60%

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,899.0	6,471.5	6,985.2	6,542.4	1.1
Other Transfers	755.9	588.9	708.9	708.9	20.4
Other Revenues	132.9	109.8	111.0	111.0	1.1
Fund Balance	30.0	30.0	30.0	30.0	0.0
SOURCES TOTAL	6,817.8	7,200.2	7,835.1	7,392.3	2.7
USES					
Personal Services and Employee Benefits	5,110.4	5,701.4	6,211.7	5,898.0	3.4
Contractual Services	961.8	1,018.7	1,054.9	1,044.5	2.5
Other	697.0	480.1	568.5	449.8	-6.3
TOTAL USES	6,769.2	7,200.2	7,835.1	7,392.3	2.7
FTE					
Permanent	79.6	79.6	89.3	84.3	5.8
Term	4.3	4.3	6.5	6.5	51.2
Temporary	0.5	0.5	0.0	0.0	-100.0
TOTAL FTE POSITIONS	84.4	84.4	95.8	90.8	7.5

THIRD JUDICIAL DISTRICT COURT

The purpose of the third judicial district court program, statutorily created in Dona Ana county, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Explanatory	Cases disposed as a percent of cases filed	90%	91.5%	90%	90%	90%
Explanatory	Percent change in case filings by case type	-9.1%	11.6%			
* Quality	Recidivism of adult drug-court graduates	9.23%	5.13%	15%	15%	15%
Explanatory	Cost per client per day for adult drug-court participants	\$34.05	\$37.87	\$37	\$37	\$37
Quality	Recidivism of juvenile drug-court graduates	21.31%	15.52%	24%	24%	24%
Explanatory	Cost per client per day for juvenile drug-court participants	\$72.61	\$69.59			
* Output	Number of adult drug-court graduates	23	37	25	25	35
* Output	Number of juvenile drug-court graduates	19	21	20	20	20
Output	Median number of days to process vendor payment vouchers	3.58	5	5	5	5
Output	Number of days to process juror payment vouchers	8.75	14	14	14	14
* Explanatory	Graduation rate, adult drug court	63.89%	86.0%	65%	70%	70%
* Explanatory	Graduation rate, juvenile drug court	67.86%	67.7%	70%	70%	70%

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,599.7	2,100.7	2,807.9	2,115.2	0.7
Other Transfers	126.6	14.9	30.0	30.0	101.3
Other Revenues	24.2	25.0	25.0	25.0	0.0
Fund Balance	0.0	2.0	5.0	5.0	150.0
SOURCES TOTAL	1,750.5	2,142.6	2,867.9	2,175.2	1.5
USES					
Personal Services and Employee Benefits	1,319.7	1,744.4	2,153.7	1,778.0	1.9
Contractual Services	207.2	233.3	386.3	212.1	-9.1
Other	215.5	164.9	327.9	185.1	12.2
TOTAL USES	1,742.4	2,142.6	2,867.9	2,175.2	1.5
FTE					
Permanent	23.5	28.5	31.5	28.5	0.0
TOTAL FTE POSITIONS	23.5	28.5	31.5	28.5	0.0

FOURTH JUDICIAL DISTRICT COURT

The purpose of the fourth judicial district court program, statutorily created in Mora, San Miguel and Guadalupe counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	90.3%	98.8%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	7.8%	7.9%			
* Output	Median number of days to process vendor payment vouchers	9.16	2.7	5	5	5
* Output	Number of days to process juror payment vouchers	12.16	9	12	14	12
* Explanatory	Graduation rate, juvenile drug court	50.00%	66.7%	60%	50%	60%
* Quality	Recidivism of juvenile drug-court graduates	11.11%	14.29%	20%	30%	20%
* Explanatory	Cost per client per day for juvenile drug-court participants	\$31.57	\$42.83			
* Output	Number of juvenile drug-court graduates	3	6	9	9	9

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,513.6	6,146.6	6,572.8	6,317.0	2.8
Other Transfers	657.4	333.2	339.1	339.1	1.8
Other Revenues	94.9	95.0	95.0	95.0	0.0
Fund Balance	7.1	20.0	20.0	20.0	0.0
SOURCES TOTAL	6,273.0	6,594.8	7,026.9	6,771.1	2.7
USES					
Personal Services and Employee Benefits	4,264.5	5,409.3	5,673.8	5,486.7	1.4
Contractual Services	755.5	780.0	915.9	877.9	12.6
Other	521.2	405.5	437.2	406.5	0.2
TOTAL USES	5,541.2	6,594.8	7,026.9	6,771.1	2.7
FTE					
Permanent	76.0	80.0	83.0	81.0	1.3
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	77.0	81.0	84.0	82.0	1.2

FIFTH JUDICIAL DISTRICT COURT

The purpose of the fifth judicial district court program, statutorily created in Eddy, Chaves and Lea counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Explanatory	Cases disposed as a percent of cases filed	97.5%	94%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	1.4%	1.6%			
* Output	Median number of days to process vendor payment vouchers	1.9	13.3	5	5	5
* Output	Number of days to process juror payment vouchers	4.8	14	10	10	10
* Explanatory	Graduation rate, family drug court	70%	52.9%	80%	80%	80%
* Quality	Recidivism of family drug-court graduates	24%	26.67%	15%	15%	15%
* Output	Number of family drug-court graduates	14	9	6	9	9

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,498.2	3,037.6	3,518.6	3,113.0	2.5
Other Transfers	123.2	91.5	75.0	75.0	-18.0
Other Revenues	10.5	10.5	10.5	10.5	0.0
Fund Balance	12.0	25.4	13.8	13.8	-45.7
SOURCES TOTAL	2,643.9	3,165.0	3,617.9	3,212.3	1.5
USES					
Personal Services and Employee Benefits	1,713.6	2,242.0	2,392.2	2,280.0	1.7
Contractual Services	705.0	720.8	990.8	720.8	0.0
Other	221.5	202.2	234.9	211.5	4.6
TOTAL USES	2,640.1	3,165.0	3,617.9	3,212.3	1.5
FTE					
Permanent	27.0	33.5	36.5	34.5	3.0
Term	0.5	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	27.5	34.0	37.0	35.0	2.9

SIXTH JUDICIAL DISTRICT COURT

The purpose of the sixth judicial district court program, statutorily created in Grant, Luna and Hidalgo counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Explanatory	Cases disposed as a percent of cases filed	103.5%	96.7%	90%	90%	90%
Explanatory	Percent change in case filings by case type	6.9%	-6.0%			
* Quality	Recidivism of juvenile drug-court graduates	16.67%	20.0%	13%	15%	13%
Explanatory	Cost per client per day for juvenile drug-court participants	\$41.71	\$59.10			
* Output	Number of juvenile drug-court graduates	6	9	4	9	9
Output	Median number of days to process vendor payment vouchers	8	20.3	5	5	5
* Output	Number of days to process juror payment vouchers	12	19.4	14	14	14
* Explanatory	Graduation rate, juvenile drug court	85.71%	90.0%	40%	40%	40%

BUDGET SUMMARY (dollars in thousands)						
	FY09 – 2008-2009					Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	1,918.3	2,304.9	2,488.2	2,293.5	-0.5	
Other Transfers	336.2	368.3	414.5	414.5	12.5	
Other Revenues	5.0	22.0	22.0	22.0	0.0	
Fund Balance	8.9	6.0	7.0	7.0	16.7	
SOURCES TOTAL	2,268.4	2,701.2	2,931.7	2,737.0	1.3	
USES						
Personal Services and Employee Benefits	1,807.0	2,147.0	2,236.7	2,192.0	2.1	
Contractual Services	162.0	329.3	444.6	322.3	-2.1	
Other	257.2	224.9	250.4	222.7	-1.0	
TOTAL USES	2,226.2	2,701.2	2,931.7	2,737.0	1.3	
FTE						
Permanent	26.5	28.0	32.0	28.0	0.0	
Term	4.0	8.0	4.0	4.0	-50.0	
TOTAL FTE POSITIONS	30.5	36.0	36.0	32.0	-11.1	

SEVENTH JUDICIAL DISTRICT COURT

The purpose of the seventh judicial district court program, statutorily created in Torrance, Socorro, Sierra and Catron counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Explanatory	Cases disposed as a percent of cases filed	106.7%	96.7%	90%	90%	90%
Explanatory	Percent change in case filings by case type	-1.1%	-7.2%			
Output	Median number of days to process vendor payment vouchers	2.4	4.1	5	5	5
* Output	Number of days to process juror payment vouchers	1.9	18.4	14	14	14

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009					Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	2,317.3	2,531.3	2,840.3	2,632.5	4.0	
Other Transfers	75.5	105.6	80.0	80.0	-24.2	
Other Revenues	47.2	73.0	71.0	71.0	-2.7	
Fund Balance	68.0	0.0	0.0	0.0		
SOURCES TOTAL	2,508.0	2,709.9	2,991.3	2,783.5	2.7	
USES						
Personal Services and Employee Benefits	1,543.7	1,692.7	1,742.2	1,722.6	1.8	
Contractual Services	605.0	861.5	1,091.6	909.3	5.5	
Other	235.4	155.7	157.5	151.6	-2.6	
TOTAL USES	2,384.1	2,709.9	2,991.3	2,783.5	2.7	
FTE						
Permanent	25.3	25.3	28.0	27.5	8.9	
Temporary	0.0	1.0	0.0	0.0	-100.0	
TOTAL FTE POSITIONS	25.3	26.3	28.0	27.5	4.8	

EIGHTH JUDICIAL DISTRICT COURT

The purpose of the eighth judicial district court program, statutorily created in Taos, Colfax and Union counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Explanatory	Cases disposed as a percent of cases filed	96.3%	80.9%	90%	90%	90%
Explanatory	Percent change in case filings by case type	6.5%	-4.1%			
* Quality	Recidivism of adult drug-court graduates	11.43%	3.23%	10%	23%	10%
Explanatory	Cost per client per day for adult drug-court participants	\$25.72	\$31.23			
* Quality	Recidivism of juvenile drug-court graduates	11.76%	3.33%	10%	11%	10%
Explanatory	Cost per client per day for juvenile drug-court participants	\$28.64	\$33.52			
* Output	Number of adult drug-court graduates	13	11	18	18	18
* Output	Number of juvenile drug-court graduates	7	15	8	8	15
Output	Median number of days to process vendor payment vouchers	<1	4.3	5	5	5
* Output	Number of days to process juror payment vouchers	4.7	14	14	14	10
* Explanatory	Graduation rate, juvenile drug court	52%	78.9%	70%	60%	70%
* Explanatory	Graduation rate, adult drug court	53.85%	47.8%	75%	75%	75%

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,030.8	3,334.3	3,576.8	3,369.1	1.0
Other Transfers	463.4	562.7	682.5	682.5	21.3
Other Revenues	70.6	72.6	78.0	78.0	7.4
SOURCES TOTAL	3,564.8	3,969.6	4,337.3	4,129.6	4.0
USES					
Personal Services and Employee Benefits	3,006.7	3,321.1	3,706.7	3,572.0	7.6
Contractual Services	193.8	216.7	212.7	211.9	-2.2
Other	354.3	334.7	417.9	345.7	3.3
TOTAL USES	3,554.8	3,872.5	4,337.3	4,129.6	6.6
FTE					
Permanent	42.8	43.8	46.8	43.8	0.0
Term	4.0	4.0	6.5	5.5	37.5
TOTAL FTE POSITIONS	46.8	47.8	53.3	49.3	3.1

NINTH JUDICIAL DISTRICT COURT

The purpose of the ninth judicial district court program, statutorily created in Curry and Roosevelt counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	100.7%	113.6%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	-2.3%	5.7%			
* Output	Median number of days to process vendor payment vouchers	20	22.45	5	5	5
* Output	Number of days to process juror payment vouchers	38.2	9.6	14	14	14

BUDGET SUMMARY
(dollars in thousands)

	FY07		FY08		FY09 – 2008-2009		Percent Incr (Decr)
	2006-2007 Actuals	2007-2008 Budgeted	Agency Request	LFC Recommendation			
SOURCES							
General Fund Transfers	707.3	745.1	827.2	750.3	0.7		
Other Revenues	6.7	5.1	7.0	7.0	37.3		
Fund Balance	11.6	12.0	14.5	14.5	20.8		
SOURCES TOTAL	725.6	762.2	848.7	771.8	1.3		
USES							
Personal Services and Employee Benefits	582.8	657.1	721.0	669.0	1.8		
Contractual Services	5.5	29.9	33.0	32.5	8.7		
Other	103.2	60.2	94.7	70.3	16.8		
Other Financing Uses	15.0	15.0	0.0	0.0	-100.0		
TOTAL USES	706.5	762.2	848.7	771.8	1.3		
FTE							
Permanent	10.1	10.1	11.0	10.1	0.0		
TOTAL FTE POSITIONS	10.1	10.1	11.0	10.1	0.0		

TENTH JUDICIAL DISTRICT COURT

The purpose of the tenth judicial district court program, statutorily created in Quay, DeBaca and Harding counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	101.1%	104.1%	90%	90%	90%
* Explanatory	Percent change in case filings by case type	-15.1%	-1.4%			
* Output	Median number of days to process vendor payment vouchers	1.2	2.5	5	5	5
* Output	Number of days to process juror payment vouchers	8.5	7.58	14	14	14

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,025.6	5,600.9	6,859.8	5,829.0	4.1
Other Transfers	744.4	491.4	552.0	552.0	12.3
Other Revenues	134.6	110.0	114.9	114.9	4.5
Fund Balance	0.0	12.1	18.1	18.1	49.6
SOURCES TOTAL	5,904.6	6,214.4	7,544.8	6,514.0	4.8
USES					
Personal Services and Employee Benefits	4,765.9	5,186.1	6,015.2	5,402.0	4.2
Contractual Services	432.5	503.4	868.7	557.2	10.7
Other	677.3	524.9	660.9	554.8	5.7
TOTAL USES	5,875.7	6,214.4	7,544.8	6,514.0	4.8
FTE					
Permanent	74.5	76.0	87.5	80.5	5.9
Term	10.0	8.0	9.5	6.5	-18.8
TOTAL FTE POSITIONS	84.5	84.0	97.0	87.0	3.6

ELEVENTH JUDICIAL DISTRICT COURT

The purpose of the eleventh judicial district court program, statutorily created in San Juan and McKinley counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Explanatory	Cases disposed as a percent of cases filed	97.7%	94.5%	90%	90%	90%
Explanatory	Percent change in case filings by case type	-8.4%	-0.6%			
* Quality	Recidivism of adult drug-court graduates	9.46%	3.70%	10%	10%	10%
Explanatory	Cost per client per day for adult drug-court participants	\$9.93	\$9.90			
Output	Number of domestic-violence parties completing counseling	240				
Output	Number of grade-court clients completing school or obtaining a general equivalency diploma	15				
Output	Number of cases resolved with mediation	40				
Output	Number of clients served who are self-represented litigants	170				
* Quality	Recidivism of juvenile drug-court graduates	16.13%	0.0%	15%	10%	10%
Explanatory	Cost per client per day for juvenile drug-court participants	\$20.34	\$21.44			
* Output	Number of adult drug-court graduates	30	40	30	40	40
* Output	Number of juvenile drug-court graduates	16	14	16	16	16
Output	Median number of days to process vendor payment vouchers	1.9	9.3	5	5	5
* Output	Number of days to process juror payment vouchers	3.4	9.3	10	14	10
* Explanatory	Graduation rate, juvenile drug court	66.67%	73.7%	70%	75%	75%
* Explanatory	Graduation rate, adult drug court	62.50%	54.8%	70%	70%	70%

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009					Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	2,519.5	3,174.5	3,293.7	3,196.0	0.7	
Other Transfers	196.4	86.1	90.0	90.0	4.5	
Federal Revenues	127.8	0.0	0.0	0.0	***	
Other Revenues	29.4	40.0	40.0	40.0	0.0	
Fund Balance	0.0	10.0	10.0	10.0	0.0	
SOURCES TOTAL	2,873.1	3,310.6	3,433.7	3,336.0	0.8	
USES						
Personal Services and Employee Benefits	2,123.9	2,521.1	2,541.1	2,470.0	-2.0	
Contractual Services	347.9	608.9	705.5	685.5	12.6	
Other	310.3	180.6	187.1	180.5	-0.1	
TOTAL USES	2,782.1	3,310.6	3,433.7	3,336.0	0.8	
FTE						
Permanent	37.0	39.0	42.5	42.5	9.0	
TOTAL FTE POSITIONS	37.0	39.0	42.5	42.5	9.0	

TWELFTH JUDICIAL DISTRICT COURT

The purpose of the twelfth judicial district court program, statutorily created in Otero and Lincoln counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	91.6%	87.6%	90%	90%	90%
Explanatory	Percent change in case filings by case type	3.1%	3.1%			
* Quality	Recidivism of juvenile drug-court participants	11.54%	18.75%	20%	20%	20%
Explanatory	Cost per client per day for juvenile drug-court participants	\$43.65	\$47.98			
* Output	Number of juvenile drug-court graduates	17	7	14	14	14
Output	Median number of days to process vendor payment vouchers	1.6	2.83	5	5	5
* Output	Number of days to process juror payment vouchers	6	8.7	14	14	14
* Explanatory	Graduation rate, juvenile drug court	73.91%	53.85%	65%	65%	65%

BUDGET SUMMARY (dollars in thousands)						
	FY07	FY08	FY09 – 2008-2009		Percent Incr (Decr)	
	2006-2007 Actuals	2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	4,989.9	6,221.6	7,778.2	6,282.4	1.0	
Other Transfers	441.4	538.0	517.5	517.5	-3.8	
Fund Balance	97.0	97.0	102.8	102.8	6.0	
SOURCES TOTAL	5,528.3	6,856.6	8,398.5	6,902.7	0.7	
USES						
Personal Services and Employee Benefits	4,320.5	5,091.5	6,132.4	5,218.0	2.5	
Contractual Services	697.1	1,240.8	1,570.8	1,140.6	-8.1	
Other	672.9	524.3	695.3	544.1	3.8	
TOTAL USES	5,690.5	6,856.6	8,398.5	6,902.7	0.7	
FTE						
Permanent	65.5	68.5	85.5	71.5	4.4	
Term	4.0	4.0	4.0	4.0	0.0	
TOTAL FTE POSITIONS	69.5	72.5	89.5	75.5	4.1	

THIRTEENTH JUDICIAL DISTRICT COURT

The purpose of the thirteenth judicial district court program, statutorily created in Valencia, Sandoval and Cibola counties, is to provide access to justice, resolve disputes justly and timely and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Explanatory	Cases disposed as a percent of cases filed	86.2%	93%	90%	90%	90%
Explanatory	Percent change in case filings by case type	-1.5%	10.3%			
* Quality	Recidivism of juvenile drug-court graduates	10.61%	14.44%	15%	20%	20%
Explanatory	Cost per client per day for juvenile drug-court participants	\$27.58	\$24.74			
* Output	Number of juvenile drug-court graduates	37	32	44	44	44
Output	Median number of days to process vendor payment vouchers	6.2	6.2	5	5	5
* Output	Number of days to process juror payment vouchers	7.2	10.3	10	14	14
* Explanatory	Graduation rate, juvenile drug court	68.52%	78.18%	70%	65%	75%

STATUTORY AUTHORITY:

The Bernalillo County Metropolitan Court (Metro Court) was created in Section 34-8A-1 through 34-8A-14 NMSA 1978. The Metro Court provides lower court judicial services to the citizens of Bernalillo County and has jurisdiction over civil complaints involving less than \$10,000 and all misdemeanors filed in Bernalillo County.

The Bernalillo County Metropolitan Court was established to provide a metropolitan court in a county with over 200,000 inhabitants. The court has jurisdiction throughout Bernalillo County and is defined as a state magistrate court. Metro Court currently has 18 judges whose terms are consistent with magistrate court law. Judges are required to be members of the New Mexico State Bar and to have practiced in the state for three years. Metro Court judges select and appoint a court administrator who supervises all matters relating to the administration of the court. The court administrator works at the direction of the presiding judge.

BUDGET SUMMARY (dollars in thousands)					
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 – 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	20,416.4	22,627.4	24,670.2	23,903.9	5.6
Other Transfers	656.8	576.7	33.4	33.4	-94.2
Federal Revenues	185.9	215.9	0.0	0.0	-100.0
Other Revenues	1,650.4	735.7	889.3	889.3	20.9
Fund Balance	2,063.1	2,067.6	2,175.8	2,175.8	5.2
SOURCES TOTAL	24,972.6	26,223.3	27,768.7	27,002.4	3.0
USES					
Personal Services and Employee Benefits	17,959.1	19,505.1	20,889.5	20,244.5	3.8
Contractual Services	3,174.5	3,381.5	3,510.1	3,510.1	3.8
Other	3,392.8	3,283.3	3,303.8	3,182.5	-3.1
Other Financing Uses	125.7	53.4	65.3	65.3	22.3
TOTAL USES	24,652.1	26,223.3	27,768.7	27,002.4	3.0
FTE					
Permanent	285.0	288.0	305.0	299.0	3.8
Term	53.0	53.5	44.6	53.5	0.0
TOTAL FTE POSITIONS	338.0	341.5	349.6	352.5	3.2

BUDGET ISSUES:

Bernalillo County Metropolitan Court has the highest volume of cases in the state and uniquely owns and operates its court facility and adjacent parking structure.

For FY09 Metro Court requested a \$979 thousand, or 4.3 percent, increase in general fund. LFC recommends a 3 percent general fund base increase primarily to fund personal services and employee benefits, General Service Department rates for employee liability, property insurance, and audit fees. A 2 percent vacancy rate was applied to personal services and benefits.

The Metro Court budget request reflected the expiration of federal funding for the Mental Health Court and Driving While Intoxicated First Offender Program. The U.S. Department of Justice awarded the court a two-year grant in 2006. The committee recommends \$614 thousand in general fund replacement and authorizes 9 permanent FTE, previously funded by the U.S. Department of Justice grant, to maintain and enhance services provided by these programs.

BASE EXPANSION:

In addition to replacing federal funds, the LFC recommendation includes \$45 thousand for a maintenance worker and \$50 thousand for a background investigator. The maintenance worker will aid the two employees who are responsible for upkeep of a court complex covering 261,000 square feet. The investigator will allow investigation of a complete criminal history for DWI and domestic violence defendants.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
4	Background investigator (1 FTE)	(METRO)	53.9	50.0
4	Maintenance worker (1 FTE)	(METRO)	48.3	45.0
4	Procurement specialist (2 FTE)	(METRO)	48.3	0.0
7	Mental health court replacement (2 FTE)	(METRO)	223.3	223.3
8	Background investigations pilot (5 FTE)	(METRO)	298.2	0.0
8	DWI 1st offend. supervision replaceme (7 FTE)	(METRO)	391.1	391.1
8	DWI screening, tracking and data (2 FTE)	(METRO)	41.4	0.0
TOTAL			1,104.5	709.4

BERNALILLO COUNTY METROPOLITAN COURT

The purpose of the Bernalillo county metropolitan court program is to provide access to justice, resolve disputes justly and timely, and maintain accurate records of legal proceedings that affect rights and legal status in order to independently protect the rights and liberties guaranteed by the constitutions of New Mexico and the United States.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Amount of bench warrant revenue collected annually	\$1,199,285	\$1,332,649			
* Explanatory	Cases disposed as a percent of cases filed	98%	99%	95%	98%	98%
Output	Amount of criminal case fees and fines collected, in millions	\$6.6	\$6.3			
* Efficiency	Cost per client per day for adult drug-court participants	\$11.72	\$15.71	\$12.30	\$15.00	\$15.00
* Quality	Recidivism of Driving While Intoxicated I/drug-court graduates	3%	4%	6%	6%	4%
Outcome	Number of active cases pending	12,055	23,801			
* Output	Number of Driving While Intoxicated/drug-court graduates	243	244	240	250	250
* Explanatory	Graduation rate of drug-court participants	67%	72%	70%	71%	71%
* Outcome	Fees and fines collected as a percent of fees and fines assessed	93%	92%	90%	92%	92%

STATUTORY AUTHORITY:

Article VI, Section 24, of the New Mexico Constitution provides for the election of a district attorney in each judicial district to prosecute and defend the state in all district courts, including both criminal and civil cases in which the state or counties may be a party or may be interested. Statutory provisions relating to district attorneys are in Sections 36-1-1 through 36-1-27 NMSA 1978. County governments are statutorily required to provide facilities, maintenance, and utilities for district attorneys in Sections 36-1-8.1 NMSA 1978.

	BUDGET SUMMARY				
	(dollars in thousands)				
			FY09 – 2008-2009		Percent Incr (Decr)
FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES					
General Fund Transfers	50,208.8	57,142.4	63,795.1	58,695.5	2.7
Other Transfers	1,449.5	1,613.5	1,387.1	1,387.1	-14.0
Federal Revenues	1,957.1	1,469.4	1,745.5	1,745.5	18.8
Other Revenues	465.5	193.7	208.7	208.7	7.7
Fund Balance	2,056.2	451.0	692.4	692.4	53.5
SOURCES TOTAL	56,137.1	60,870.0	67,828.8	62,729.2	3.1
USES					
Personal Services and Employee Benefits	48,346.6	55,537.9	61,430.6	57,347.4	3.3
Contractual Services	968.0	1,072.6	1,072.7	1,015.5	-5.3
Other	4,657.0	4,259.5	5,325.6	4,366.3	2.5
Other Financing Uses	101.1	0.0	0.0	0.0	***
TOTAL USES	54,072.7	60,870.0	67,828.8	62,729.2	3.1
FTE					
Permanent	797.5	853.5	929.0	862.0	1.0
Term	97.6	63.3	71.5	49.8	-21.3
Temporary	0.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	895.1	919.8	1,003.5	914.8	-0.5

BUDGET ISSUES:

The district attorneys requested a general fund increase of \$6.7 million, or 11.7 percent, including \$4 million in expansion items. The majority of district attorneys requested increases in personal services and employee benefits and remained flat in contractual services requests. In the other category, eight offices requested increases and the remainder requested relatively flat budgets.

The 2nd, 4th, 6th, 9th and 11th Division 1 judicial district attorney offices each received a portion of a \$664.2 thousand special appropriation to provide additional staff due to workload increases generated by additional judgeships authorized by Laws 2007, Chapter 140, (House Bill 291). The LFC recommendation for these agencies is developed from an FY08 operating level that includes this appropriation.

The LFC recommends a general fund increase of \$1.6 million, or 2.7 percent over the FY08 operating level, and includes \$625.4 thousand in expansion items. The recommendation also applies vacancy rates between 0 percent and 2 percent depending on the agency's five-year historical vacancy rate and whether the agency moved funds out of personal services and employee benefits to contractual services or the other category in FY07.

The New Mexico Sentencing Commission (NMSC) in a report on workload in the courts, district attorneys, and Public Defender Department (PDD), identified a need for additional attorneys, investigators, victim advocates, and support staff based on FY07 FTE. When adjusted for FY08 FTE, it was determined 24.1 attorney FTE are needed statewide, with the 5th District Attorney office needing nearly three and the 2nd District needing nine. The report concluded the district attorneys need 5.4 investigator FTE statewide, although all but the 2nd and 6th districts are sufficiently staffed or need less than a full-time investigator. In the case of victim advocates and support staff, the report found that about half the district attorney offices are adequately staffed and the remaining need less than 1 FTE. Few district attorneys referenced the workload study to justify expansion requests.

The first group of attorneys to take advantage of the Public Service Law Loan Repayment Act, enacted during the 2005 legislative session and administered by the Higher Education Department, began service in FY08. Twelve attorneys have been placed at the 1st, 2nd, 3rd, 9th and 13th judicial district attorney offices. The program provides legal educational loan repayment assistance to individuals providing public service in state or local government or to a New Mexico nonprofit serving low-income or underserved residents. One of the goals of the program is to help district attorney offices and the Public Defender Department (PDD) attract and retain staff.

Because New Mexicans have the right to expect that their elected and appointed officials will carry out their duties in a lawful, ethical, and professional manner, the legislature in 2007 appropriated \$150 thousand and 3 FTE for a public integrity unit in the 1st District Attorney's office. The office reports it has been unsuccessful recruiting an attorney to for its public integrity unit and, until it hires an attorney, the remaining public integrity positions remain vacant. Therefore, LFC recommends moving the funds and FTE to the Office of the Attorney General where it has established a government accountability division.

During the 2007 legislative session, district attorneys voiced concern regarding the backlog at the Public Safety Department's crime lab. The backlog continues to adversely impact the district attorney offices and although costly, to circumvent delays a few district attorneys contract with private out-of-state labs to conduct tests.

BASE EXPANSION:

The district attorneys' expansion request of \$4 million from the general fund was for 77 additional FTE and additional expansion items. No expansion requests were made by the 4th and 7th district attorney offices. The committee total expansion recommendation of \$625.4 thousand and 12 FTE and is based on the NMSC workload study.

The 2nd, 5th, 10th and 13th district attorneys' top expansion requests were consistent with the recommendation made in the NMSC workload study. Specifically, the 2nd District Attorney office requested converting 4 term FTE to permanent status but included \$190 thousand for funding these FTE in its base request. LFC views the funding and FTE as an expansion and subtracted the amount from the agency's base budget; instead the committee recommends \$190 thousand and 4 perm FTE as an expansion. The 2nd DA receives funding from Bernalillo County Metropolitan Court and provides for an attorney to handle cases in which the defendants' mental competency is at issue. The 2nd DA requests that funding be transferred from Bernalillo County Metropolitan Court to it, along with additional funds for 5 more FTE. The committee does not recommend transferring funds for the attorney position but does recommend 1 FTE to assist its Metro Court attorney. The 2nd DA also requested 2 FTE to support prosecution of sexual and physical abuse cases of a child, which the committee also recommends.

The committee recommends 2 FTE for the 5th DA and 1 FTE for the 10th and 13th district attorneys, requested by the agency and supported by the workload study. The 9th DA requested its term FTE be converted to permanent status. The committee recognizes that the general fund has supported this term FTE for multiple years and recommends conversion.

Finally, the committee recommends the district attorneys work with NMSC to continue to ensure that accurate data is gathered for the refreshed workload studies that NMSC will conduct over the course of the next five years.

DISTRICT ATTORNEYS (ALL)

251-263 & 265

BASE EXPANSION LISTING FY09 - 2008-2009

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Prosecution specialist (1 FTE)	(1ST DIST)	36.1	0.0
2	Victim advocate (1 FTE)	(1ST DIST)	36.1	0.0
3	Senior trial attorney (1 FTE)	(1ST DIST)	57.3	0.0
1	Continue domestic violence project (4 FTE)	(2ND DIST)	0.0	190.0
2	Metro court prosecutions (6 FTE)	(2ND DIST)	401.8	78.6
3	Crimes against children (2 FTE)	(2ND DIST)	142.1	119.2
4	Gang division (2 FTE)	(2ND DIST)	140.1	0.0
5	Domestic violence attys, investigators& advocates (6 FTE)	(2ND DIST)	386.7	0.0
6	Felony DWI/vehicular homicide (2 FTE)	(2ND DIST)	140.1	0.0
7	Records prosecution assistant (1 FTE)	(2ND DIST)	47.9	0.0
8	Human resources program assistant (1 FTE)	(2ND DIST)	43.9	0.0
9	Vehicles	(2ND DIST)	100.0	0.0
10	Community crimes attorneys (4 FTE)	(2ND DIST)	307.1	0.0
11	Grand jury program-attys & staff (4 FTE)	(2ND DIST)	236.5	0.0
12	Metro court prosecution specialist (1 FTE)	(2ND DIST)	57.2	0.0
13	Juvenile court senior secretary (1 FTE)	(2ND DIST)	43.9	0.0
1	DWI unit (6 FTE)	(3RD DIST)	381.4	0.0
2	Habitual offender prosecution (3 FTE)	(3RD DIST)	191.5	0.0
1	Administrative secretary - Chaves Co. (1 FTE)	(5TH DIST)	47.2	47.2
2	Senior trial attorney - Lea County (1 FTE)	(5TH DIST)	94.8	94.8
3	Administrative secretary - Lea County (1 FTE)	(5TH DIST)	47.2	0.0
4	Administrative secretary - Eddy Co. (1 FTE)	(5TH DIST)	47.2	0.0
1	District office manager (1 FTE)	(6TH DIST)	68.4	0.0
2	Information systems assistant (1 FTE)	(6TH DIST)	41.4	0.0
3	Information systems assistant (1 FTE)	(6TH DIST)	41.4	0.0
4	Vehicle replacement	(6TH DIST)	60.0	0.0
5	District office manager (1FTE)	(6 TH DIST)	65.6	0.0
1	Senior trial attorney (1 FTE)	(8TH DIST)	85.2	0.0
1	Convert term to perm	(9 TH DIST)	0.0	0.0
1	Senior secretary (1 FTE)	(10TH DIST)	41.7	41.7
1	Senior victim advocate (1 FTE)	(11TH DIST I)	44.3	0.0
2	Financial assistant (1 FTE)	(11TH DIST I)	27.8	0.0
3	Senior trial attorney (1 FTE)	(11TH DIST I)	60.5	0.0
1	Information systems manager (1 FTE)	(11TH DST II)	72.0	0.0
2	DWI subpoena clerk (authorization for a term)	(11TH DST II)	0.0	0.0
1	Administrative secretary (4 FTE)	(12TH DIST)	119.8	0.0
1	Associate trial attorney (1 FTE)	(13TH DIST)	53.9	53.9
2	Associate trial attorney (1 FTE)	(13TH DIST)	53.9	0.0
3	Associate trial attorney (1 FTE)	(13TH DIST)	53.9	0.0
4	Secretary (1 FTE)	(13TH DIST)	29.9	0.0
5	Secretary (1 FTE)	(13TH DIST)	29.9	0.0
6	Secretary (1 FTE)	(13TH DIST)	29.9	0.0
7	Secretary (1 FTE)	(13TH DIST)	29.9	0.0
8	Secretary (1 FTE)	(13TH DIST)	29.9	0.0
9	Program assistant (1 FTE)	(13TH DIST)	29.9	0.0
10	Investigator (1 FTE)	(13TH DIST)	43.0	0.0
11	Information systems assistant (1 FTE)	(13TH DIST)	33.1	0.0
12	Financial assistant (1 FTE)	(13TH DIST)	29.9	0.0
TOTAL			4,055.3 (77 FTE)	625.4 (12 FTE)

		BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
		FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES						
	General Fund Transfers	4,103.0	4,771.0	5,105.4	4,704.1	-1.4
	Other Transfers	200.2	163.4	38.4	38.4	-76.5
	Federal Revenues	197.6	208.1	134.8	134.8	-35.2
	SOURCES TOTAL	4,500.8	5,142.5	5,278.6	4,877.3	-5.2
USES						
	Personal Services and Employee Benefits	3,962.8	4,606.9	4,747.7	4,398.9	-4.5
	Contractual Services	38.4	59.9	32.4	30.0	-49.9
	Other	472.8	475.7	498.5	448.4	-5.7
	TOTAL USES	4,474.0	5,142.5	5,278.6	4,877.3	-5.2
FTE						
	Permanent	63.0	68.0	71.0	65.0	-4.4
	Term	13.5	5.0	3.0	3.0	-40.0
	TOTAL FTE POSITIONS	76.5	73.0	74.0	68.0	-6.8

FIRST JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Santa Fe, Rio Arriba and Los Alamos counties.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
Outcome	Percent of cases dismissed under the six-month rule	<1%	<1%	<1%	<1%	<1%
* Output	Number of cases dismissed under the six-month rule	4	3	<50	<25	<20
* Output	Number of cases referred for screening	6,195	2,784	4,400	3,000	3,000
* Output	Number of cases prosecuted	3,662	2,149	2,800	2,350	2,350
* Efficiency	Average time from filing of petition to final disposition, in months	2	1	2	2	2
* Efficiency	Average attorney caseload	264	109	150	110	110

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	15,334.4	16,867.7	19,414.9	17,469.4	3.6
Other Transfers	611.4	919.5	908.8	908.8	-1.2
Federal Revenues	150.7	146.5	150.0	150.0	2.4
Other Revenues	257.8	46.0	46.0	46.0	0.0
SOURCES TOTAL	16,354.3	17,979.7	20,519.7	18,574.2	3.3
USES					
Personal Services and Employee Benefits	15,215.2	16,845.8	19,080.6	17,334.3	2.9
Contractual Services	270.4	231.3	277.1	277.1	19.8
Other	840.2	902.6	1,162.0	962.8	6.7
TOTAL USES	16,325.8	17,979.7	20,519.7	18,574.2	3.3
FTE					
Permanent	261.5	274.0	308.0	281.0	2.6
Term	17.8	17.5	15.5	13.0	-25.7
TOTAL FTE POSITIONS	279.3	291.5	323.5	294.0	0.9

SECOND JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Bernalillo county.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of cases dismissed under the six-month rule	<1%	<1.2%	<3%	<2.8%	<2.5
Output	Number of cases dismissed under the six-month rule		37	<1,192	<1,192	<100
* Output	Number of cases prosecuted	24,897	26,290	25,000	26,000	26,000
Output	Number of cases referred for screening	42,813	47,586	43,000	43,500	43,500
* Efficiency	Average time from filing of petition to final disposition, in months	11.8	10.9	11.5	10.5	10.5
Efficiency	Average attorney caseload	420	433	550	550	450
* Efficiency	Average number of cases prosecuted per attorney	245	239	250	245	245

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 – 2008-2009</u>					Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	3,427.0	4,185.8	5,186.3	4,546.8	8.6	
Other Transfers	47.6	120.9	54.4	54.4	-55.0	
Federal Revenues	1,123.9	736.5	1,072.4	1,072.4	45.6	
SOURCES TOTAL	4,598.5	5,043.2	6,313.1	5,673.6	12.5	
USES						
Personal Services and Employee Benefits	4,226.9	4,654.6	5,902.0	5,312.1	14.1	
Contractual Services	49.5	100.6	65.2	65.2	-35.2	
Other	390.1	288.0	345.9	296.3	2.9	
TOTAL USES	4,666.5	5,043.2	6,313.1	5,673.6	12.5	
FTE						
Permanent	53.0	60.0	69.0	60.0	0.0	
Term	21.0	8.0	19.0	8.0	0.0	
TOTAL FTE POSITIONS	74.0	68.0	88.0	68.0	0.0	

THIRD JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Dona Ana county.

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	.0001	.001	<.3%	<.3%	<.3%
* Output	Number of cases prosecuted	4,136	4,952	4,100	4,500	4,500
Output	Number of cases dismissed under the six-month rule	1	1	<6	<6	<3
* Output	Number of cases referred for screening	5,468	7,066	5,400	5,600	5,600
* Efficiency	Average attorney caseload	254	336	160	160	200
* Efficiency	Average time from filing of petition to final disposition, in months	6	3	7	6	6

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,684.6	3,312.1	3,489.6	3,284.6	-0.8
SOURCES TOTAL	2,684.6	3,312.1	3,489.6	3,284.6	-0.8
USES					
Personal Services and Employee Benefits	2,322.0	3,029.9	3,172.1	3,019.8	-0.3
Contractual Services	64.4	72.0	78.8	72.0	0.0
Other	282.0	210.2	238.7	192.8	-8.3
TOTAL USES	2,668.4	3,312.1	3,489.6	3,284.6	-0.8
FTE					
Permanent	35.5	42.0	42.0	42.0	0.0
Term	2.5	0.0	0.0	0.0	
TOTAL FTE POSITIONS	38.0	42.0	42.0	42.0	0.0

FOURTH JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Mora, San Miguel and Guadalupe counties.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of cases dismissed under the six-month rule	1%	<1%	<1%	<1%	<1%
Outcome	Total revenue collected from participants in the pre-prosecution diversion program, in thousands	\$9.4	\$16.3	\$6.0	\$6.2	\$6.2
Outcome	Total revenue collected from participants in the worthless check program, in thousands	\$122.1	\$122.1	\$80.0	\$80.0	\$80.0
Output	Number of cases referred for follow-up investigation	1,260	1,485	1,275	1,280	1,280
Output	Average investigator caseload	677	740	685	685	685
* Output	Number of cases prosecuted	1,470	2,221	1,750	1,800	1,800
* Output	Number of drug cases prosecuted	123	184	135	140	140
Output	Number of offenders accepted into pre-prosecution diversion program	34	60	40	45	50
Output	Number of worthless check cases processed	478	342	345	350	350
* Output	Number of domestic violence cases prosecuted	333	325	380	375	375
Output	Number of victims assisted by the district attorney office	447	445	450	455	455
Output	Number of probation violations filed	220	211	245	240	240
Output	Number of county civil matters handled	450	450	450	450	450
Output	Number of cases closed	1,470	2,221	1,750	1,755	1,755
* Output	Number of cases referred for screening	5,597	5,943	5,700	5,750	5,750
* Efficiency	Average attorney caseload	248	317	250	250	250
* Efficiency	Average time from filing of petition to final disposition, in months	6	5	6	6	6

BUDGET SUMMARY (dollars in thousands)						
	FY07	FY08	FY09 – 2008-2009		Percent Incr (Decr)	
	2006-2007 Actuals	2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	3,834.0	4,395.8	4,764.4	4,574.8	4.1	
Other Revenues	10.0	0.0	15.0	15.0	***	
SOURCES TOTAL	3,844.0	4,395.8	4,779.4	4,589.8	4.4	
USES						
Personal Services and Employee Benefits	3,112.3	3,812.5	4,156.5	4,022.9	5.5	
Contractual Services	115.6	204.6	221.9	206.9	1.1	
Other	337.2	378.7	401.0	360.0	-4.9	
TOTAL USES	3,565.1	4,395.8	4,779.4	4,589.8	4.4	
FTE						
Permanent	55.5	58.0	62.0	60.0	3.4	
Term	3.0	0.0	0.0	0.0		
TOTAL FTE POSITIONS	58.5	58.0	62.0	60.0	3.4	

FIFTH JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Eddy, Lea and Chaves Counties.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of cases dismissed under the six-month rule	0%	0%	0%	0%	0%
* Output	Number of cases prosecuted	3,089	4,794	3,300	4,000	4,000
* Output	Number of cases referred for screening	1,853	3,280	3,800	3,200	3,200
Output	Number of cases dismissed under the six-month rule			1%	N/A	N/A
* Efficiency	Average time from filing of petition to final disposition, in months	5	4.5	4	5	5
* Efficiency	Average attorney caseload	252	228	200	200	200

		BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
		FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES						
	General Fund Transfers	2,066.4	2,471.0	2,820.9	2,497.2	1.1
	Other Transfers	259.7	214.6	229.5	229.5	6.9
	Federal Revenues	104.5	100.7	100.7	100.7	0.0
	SOURCES TOTAL	2,430.6	2,786.3	3,151.1	2,827.4	1.5
USES						
	Personal Services and Employee Benefits	2,314.3	2,576.4	2,797.4	2,609.2	1.3
	Contractual Services	16.0	12.1	19.5	19.5	61.2
	Other	143.8	197.8	334.2	198.7	0.5
	TOTAL USES	2,474.1	2,786.3	3,151.1	2,827.4	1.5
FTE						
	Permanent	30.0	34.0	37.0	34.0	0.0
	Term	11.0	6.0	6.0	6.0	0.0
	TOTAL FTE POSITIONS	41.0	40.0	43.0	40.0	0.0

SIXTH JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Grant, Hidalgo and Luna counties.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
*	Outcome	Percent of cases dismissed under the six-month rule	<1%	<1%	<1%	<1%
	Output	Number of cases dismissed under the six-month rule	*2	0	<5	<2
*	Output	Number of cases prosecuted	1,907	2,302	1,900	1,900
*	Output	Number of cases referred for screening	2,129	2,490	2,200	2,200
	Output	Average number of cases prosecuted per attorney	191	230	180	180
*	Efficiency	Average time from filing of petition to final disposition, in months	4.53	2*	5	5
*	Efficiency	Average attorney caseload	213	249	150	150

		BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
		FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES						
	General Fund Transfers	2,103.8	2,380.3	2,487.7	2,424.4	1.9
	Other Transfers	36.0	29.6	0.0	0.0	-100.0
	SOURCES TOTAL	2,139.8	2,409.9	2,487.7	2,424.4	0.6
USES						
	Personal Services and Employee Benefits	1,889.6	2,190.9	2,186.3	2,178.7	-0.6
	Contractual Services	48.9	50.2	56.1	52.1	3.8
	Other	154.6	168.8	245.3	193.6	14.7
	TOTAL USES	2,093.1	2,409.9	2,487.7	2,424.4	0.6
FTE						
	Permanent	33.0	36.0	36.0	36.0	0.0
	Term	1.0	1.0	1.0	1.0	0.0
	TOTAL FTE POSITIONS	34.0	37.0	37.0	37.0	0.0

SEVENTH JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Catron, Sierra, Socorro and Torrance counties.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
*	Outcome	Percent of cases dismissed under the six-month rule	1.3%	0.5%	<2%	<2%
	Output	Number of cases dismissed under the six-month rule	24	10	<80	<75
*	Output	Number of cases prosecuted	1,787	1,978	2,280	2,100
*	Output	Number of cases referred for screening	2,065	1,936	2,450	2,200
	Efficiency	Average time from filing of petition to final disposition for juvenile cases, in months	5.3	5.5	5	5.5
*	Efficiency	Average attorney caseload	176	184	140	140
	Efficiency	Average time from filing of petition to final disposition for felony cases, in months	9.4	9	10	10
	Efficiency	Average time from filing of petition to final disposition for misdemeanor cases, in months	4	4.7	4	4.25
*	Efficiency	Average time from filing of petition to final disposition, in months	5.3	5.5	5.5	5.5

BUDGET SUMMARY (dollars in thousands)					
	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,256.3	2,571.3	2,771.9	2,671.3	3.9
Other Transfers	75.0	0.0	0.0	0.0	***
Federal Revenues	37.4	0.0	0.0	0.0	***
SOURCES TOTAL	2,368.7	2,571.3	2,771.9	2,671.3	3.9
USES					
Personal Services and Employee Benefits	1,969.9	2,233.2	2,428.0	2,342.8	4.9
Contractual Services	115.9	65.4	69.0	69.0	5.5
Other	272.2	272.7	274.9	259.5	-4.8
TOTAL USES	2,358.0	2,571.3	2,771.9	2,671.3	3.9
FTE					
Permanent	30.0	32.0	33.0	32.0	0.0
Term	3.0	1.0	1.0	1.0	0.0
Temporary	0.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	33.0	36.0	37.0	36.0	0.0

EIGHTH JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Taos, Colfax and Union counties.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	2%	1%	<3%	<3%	<3%
* Output	Number of cases referred for screening	4,040	3,643	3,500	3,600	3,600
* Output	Number of cases prosecuted	1,465	1,546	1,500	1,600	1,600
Output	Number of cases dismissed under the six-month rule		10	13	13	13
Output	Average number of cases prosecuted per attorney	203	221	200	200	200
* Efficiency	Average time from filing of petition to final disposition, in months	8	6	7	7	6
* Efficiency	Average attorney caseload	171	194	200	200	200

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,524.0	2,714.7	2,789.6	2,768.0	2.0
SOURCES TOTAL	2,524.0	2,714.7	2,789.6	2,768.0	2.0
USES					
Personal Services and Employee Benefits	2,284.3	2,562.0	2,634.5	2,616.3	2.1
Contractual Services	22.4	8.6	11.0	11.0	27.9
Other	207.1	144.1	144.1	140.7	-2.4
TOTAL USES	2,513.8	2,714.7	2,789.6	2,768.0	2.0
FTE					
Permanent	38.0	38.0	39.0	39.0	2.6
Term	1.0	1.0	1.0	0.0	-100.0
TOTAL FTE POSITIONS	39.0	39.0	40.0	39.0	0.0

NINTH JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Curry and Roosevelt counties.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of cases dismissed under the six-month rule	.22%	.002	<1%	<1%	<1%
* Output	Number of cases referred for screening	1,624	3,252	2,000	3,000	3,000
Output	Number of cases prosecuted	1,780	3,076	3,000	3,000	3,000
* Output	Number of cases dismissed under the six-month rule	4	6	<15	<10	<10
* Efficiency	Average time from filing of petition to final disposition, in months	9	3	4	4	4
* Efficiency	Average attorney caseload	198	280	180	250	250

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	872.8	980.0	1,038.0	1,031.2	5.2
SOURCES TOTAL	872.8	980.0	1,038.0	1,031.2	5.2
USES					
Personal Services and Employee Benefits	817.8	858.0	908.9	908.9	5.9
Contractual Services	7.4	10.3	7.9	7.9	-23.3
Other	73.8	111.7	121.2	114.4	2.4
TOTAL USES	899.0	980.0	1,038.0	1,031.2	5.2
FTE					
Permanent	12.0	12.0	13.0	13.0	8.3
TOTAL FTE POSITIONS	12.0	12.0	13.0	13.0	8.3

TENTH JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the Tenth Judicial District Attorney to enforce, improve and ensure protection, safety, welfare and health for the citizens in Quay, Harding and De Baca Counties.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of cases dismissed under the six-month rule	0%	0%	<1%	<1%	<1%
* Output	Number of cases prosecuted	917	1,070	1,200	1,200	1,200
* Output	Number of cases referred for screening	416	1,050	300	900	900
* Output	Number of cases dismissed under the six-month rule		1	0	0	0
* Efficiency	Average time from filing of petition to final disposition, in months	5	4	3	5	5
* Efficiency	Average attorney caseload	611	427	300	300	280

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,004.9	3,423.6	3,758.0	3,569.2	4.3
Other Transfers	101.3	46.3	46.3	46.3	0.0
Federal Revenues	59.6	62.0	62.0	62.0	0.0
Other Revenues	50.0	0.0	0.0	0.0	***
Fund Balance	1,817.9	0.0	249.7	249.7	***
SOURCES TOTAL	5,033.7	3,531.9	4,116.0	3,927.2	11.2
USES					
Personal Services and Employee Benefits	3,005.8	3,317.6	3,819.3	3,663.2	10.4
Contractual Services	23.6	16.2	21.9	21.9	35.2
Other	358.4	198.1	274.8	242.1	22.2
TOTAL USES	3,387.8	3,531.9	4,116.0	3,927.2	11.2
FTE					
Permanent	52.0	55.5	58.0	55.0	-0.9
Term	10.3	10.3	10.5	3.3	-67.8
TOTAL FTE POSITIONS	62.3	65.8	68.5	58.3	-11.3

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION I

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within San Juan county.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of cases dismissed under the six-month rule	.13	.02	<.5%	<.4%	<.5%
* Output	Number of cases referred for screening	4,362	4,597	4,500	4,500	4,500
* Output	Number of cases prosecuted	3,985	4,266	4,100	4,300	4,300
Output	Number of cases dismissed under the six-month rule	5	1	0	<.5%	<.5%
* Efficiency	Average attorney caseload	249	279	209	200	200
* Efficiency	Average time from filing of petition to final disposition, in months	6.8	6.5	6	<6	<6

BUDGET SUMMARY (dollars in thousands)						
	FY07	FY08	FY09 – 2008-2009		Percent Incr (Decr)	
	2006-2007 Actuals	2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	1,995.8	2,120.6	2,241.1	2,093.4	-1.3	
Other Transfers	26.5	26.5	49.9	49.9	88.3	
SOURCES TOTAL	2,022.3	2,147.1	2,291.0	2,143.3	-0.2	
USES						
Personal Services and Employee Benefits	1,673.7	1,934.9	2,017.5	1,932.2	-0.1	
Contractual Services	12.9	9.3	11.7	11.7	25.8	
Other	296.0	202.9	261.8	199.4	-1.7	
TOTAL USES	1,982.6	2,147.1	2,291.0	2,143.3	-0.2	
FTE						
Permanent	33.0	33.0	34.0	33.0	0.0	
Term	1.0	1.0	2.0	2.0	100.0	
TOTAL FTE POSITIONS	34.0	34.0	36.0	35.0	2.9	

ELEVENTH JUDICIAL DISTRICT ATTORNEY, DIVISION II

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within McKinley county.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of cases dismissed under the six-month rule	<2%	<1%	<1.5%	<1%	<1%
Output	Number of cases dismissed under the six-month rule	37	12	<34	<30	<30
* Output	Number of cases prosecuted	2,363	2,398	2,563	2,563	2,565
* Output	Number of cases referred for screening	3,358	3,921	3,726	3,951	3,950
* Efficiency	Average time from filing of petition to final disposition, in months	8	7.5	8	8	7.5
* Efficiency	Average attorney caseload	420	490	466	466	460

BUDGET SUMMARY
(dollars in thousands)

	FY07		FY08		FY09 – 2008-2009		Percent Incr (Decr)
	2006-2007 Actuals		2007-2008 Budgeted		Agency Request	LFC Recommendation	
SOURCES							
General Fund Transfers	2,292.3		2,551.4		2,803.8	2,526.4	-1.0
Other Transfers	91.8		92.7		49.0	49.0	-47.1
Federal Revenues	261.5		215.6		225.6	225.6	4.6
Fund Balance	209.0		354.2		354.2	354.2	0.0
SOURCES TOTAL	2,854.6		3,213.9		3,432.6	3,155.2	-1.8
USES							
Personal Services and Employee Benefits	2,289.1		2,725.4		2,891.8	2,751.6	1.0
Contractual Services	95.3		158.5		91.9	66.9	-57.8
Other	374.5		330.0		448.9	336.7	2.0
TOTAL USES	2,758.9		3,213.9		3,432.6	3,155.2	-1.8
FTE							
Permanent	37.0		39.0		43.0	39.0	0.0
Term	8.5		8.5		8.5	8.5	0.0
TOTAL FTE POSITIONS	45.5		47.5		51.5	47.5	0.0

TWELFTH JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Lincoln and Otero counties.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<.5	<.5%	<.5%	<.5%	<.5%
Outcome	Percent of felony cases resulting in a reduction of original formally filed charges			<3%		<3%
Output	Average number of cases prosecuted per attorney	237	300	300	300	300
* Output	Number of cases prosecuted	2,107	3,242	4,300	5,500	5,500
* Output	Number of cases referred for screening	7,547	7,000	6,000	7,000	7,000
Output	Number of cases dismissed under the six-month rule	3	15	3		<3
Output	Average investigator caseload			60		60
* Efficiency	Average time from filing of petition to final disposition, in months	8	8	8	8	7
* Efficiency	Average attorney caseload	435	346	160	160	200

BUDGET SUMMARY
(dollars in thousands)

	FY09 – 2008-2009					Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	3,709.5	4,397.1	5,123.5	4,534.7	3.1	
Other Transfers	0.0	0.0	10.8	10.8	***	
Federal Revenues	21.9	0.0	0.0	0.0	***	
Other Revenues	147.7	147.7	147.7	147.7	0.0	
Fund Balance	29.3	96.8	88.5	88.5	-8.6	
SOURCES TOTAL	3,908.4	4,641.6	5,370.5	4,781.7	3.0	
USES						
Personal Services and Employee Benefits	3,262.9	4,189.8	4,687.9	4,256.5	1.6	
Contractual Services	87.3	73.6	108.3	104.3	41.7	
Other	454.3	378.2	574.3	420.9	11.3	
Other Financing Uses	101.1	0.0	0.0	0.0		
TOTAL USES	3,905.6	4,641.6	5,370.5	4,781.7	3.0	
FTE						
Permanent	64.0	72.0	84.0	73.0	1.4	
Term	4.0	4.0	4.0	4.0	0.0	
TOTAL FTE POSITIONS	68.0	76.0	88.0	77.0	1.3	

THIRTEENTH JUDICIAL DISTRICT ATTORNEY

The purpose of the prosecution program is to provide litigation, special programs and administrative support for the enforcement of state laws as they pertain to the district attorney and to improve and ensure the protection, safety, welfare and health of the citizens within Cibola, Sandoval and Valencia counties.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Outcome	Percent of cases dismissed under the six-month rule	<3.5%	<.3%	<.2%	<.2%	<.2%
Output	Number of cases dismissed under the six-month rule	23	<25	<17	<17	<20
* Output	Number of cases prosecuted	6,797	7,942	7,677	8,200	8,200
* Output	Number of cases referred for screening	7,403	7,432	8,705	8,966	8,000
* Efficiency	Average time from filing of petition to final disposition, in months	9	6	8	6	6
* Efficiency	Average attorney caseload	265	261	190	190	200

STATUTORY AUTHORITY:

The Administrative Office of the District Attorneys (AODA) provides administrative support to 14 district attorney offices statewide pursuant to Sections 36-1-25 through 36-1-26 NMSA 1978. The office centralizes district attorney personnel, training, and victim notification functions and develops a consolidated information technology plan. AODA also administers the state funding for the forensic evaluation program, which consists of eight children’s safehouses throughout the state and the New Mexico Children’s Safehouse Network Office.

MISSION:

The mission of AODA is to improve the criminal justice system by promoting professionalism among New Mexico’s prosecutors through education, information, liaison, and administrative and technical support and to achieve objectives that will benefit and improve the offices of the district attorneys.

BUDGET SUMMARY						
(dollars in thousands)						
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 – 2008-2009		Percent Incr (Decr)	
			Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	1,356.5	2,092.0	3,663.7	2,200.1	5.2	
Other Transfers	127.9	70.2	0.0	0.0	-100.0	
Federal Revenues	87.3	0.0	0.0	0.0	***	
Other Revenues	363.0	80.0	80.0	80.0	0.0	
Fund Balance	110.9	20.0	20.0	20.0	0.0	
SOURCES TOTAL	2,045.6	2,262.2	3,763.7	2,300.1	1.7	
USES						
Personal Services and Employee Benefits	845.3	945.4	1,067.8	920.3	-2.7	
Contractual Services	247.4	37.6	303.2	38.2	1.6	
Other	944.1	1,279.2	2,392.7	1,341.6	4.9	
TOTAL USES	2,036.8	2,262.2	3,763.7	2,300.1	1.7	
FTE						
Permanent	12.0	12.0	16.0	13.0	8.3	
TOTAL FTE POSITIONS	12.0	12.0	16.0	13.0	8.3	

BUDGET ISSUES:

AODA develops, enhances, and maintains the case management system (CMS) used by all the districts statewide and is largely responsible for network security, servers, replacement of computers, software, and hardware for all district offices. In FY08 AODA received a 54.2 percent increase primarily for hardware and software, network management items, and licensing fees for district attorney offices statewide. It also reported that it increased training and technical support to all offices, improved modules within CMS, and implemented a data replication and disaster recovery process that enables AODA to perform block-level data backup and recovery for all 32 sites.

For FY09, AODA requested a 58.2 percent base increase over its FY08 operating budget and \$183 thousand for expansion. The majority of its base increase was for information technology needs, many of which were also requested for funding from the computer system enhancement fund although are more appropriately addressed by a nonrecurring special appropriation. LFC recommends a base increase of 5.2 percent and includes expansion and funding for information technology needs appropriate to its base budget.

During the 2007 legislative session a \$1.7 million special appropriation was made to AODA for repayment of questioned costs resulting from a federal audit of the Southwest Border Prosecution Initiative (SWBPI), a federal grant for district attorney offices to prosecute federally initiated and referred criminal cases. At this point, the federal government has not resolved the questioned costs and the Department of Finance and Administration (DFA) has the funds set aside as a liability.

DFA issued a letter to district attorneys with SWBPI fund balances that concluded initiative awards should be recognized as revenue and budgeted in the fiscal year when they are available. Further, awards in a district attorney fund balance at year-end

are unresolved and undesignated because the federal government has made initiative funds available for any lawful purpose, and the Legislature has not legally restricted their use. Therefore, unless appropriated by the Legislature, balances may not be carried forward and budgeted in future fiscal years but must revert to the general fund at the end of the fiscal year.

Consequently, some district attorney offices are requesting special appropriations from the general fund to make up for the SWBPI balances that reverted to the general fund in FY07 pursuant to the August 2007 letter from DFA.

AODA administers the personnel and compensation plan for the district attorney offices. During the 2007 legislative session \$83.9 thousand was appropriated to fund a 5 percent salary increase to the district attorneys, and \$2.2 million was appropriated to provide an average 5 percent salary increase to all district attorney permanent employees, other than elected district attorneys. AODA reports that since the appropriation was to address pay parity between the district attorneys' staff and the rest of state and judicial government, any employee who met expectations or exceeded expectations received an increase of either 5 percent, for support staff, or 10 percent for attorneys.

BASE EXPANSION:

AODA requested two additional support staff and two additional information technology staff. The committee recommends \$37.7 to fund the agency's top ranked expansion.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Administrative secretary	(AODA)	37.7	37.7
2	Program administrator	(AODA)	53.9	0.0
3	Database administrator	(AODA)	56.4	0.0
4	Financial assistant	(AODA)	35.0	0.0
TOTAL			183.0	37.7

ADMINISTRATIVE SUPPORT

The purpose of the administrative support program is to provide fiscal, human resource, staff development, automation, victim program services and support to all district attorneys' offices in New Mexico and to members of the New Mexico children's safehouse network so that they may obtain and access the necessary resources to effectively and efficiently carry out their prosecutorial, investigative and programmatic functions.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Number of victim notification events and escapes reported, monthly	4,320	6,500	6,000	6,500	6,500
* Output	Number of district attorney employees receiving training	935	972	850	1,000	950

STATUTORY AUTHORITY:

Article V, Section I, of the New Mexico Constitution provides for the election of the attorney general for a term of four years and creates the position as part of the executive department. The attorney general is required to be a licensed attorney and serves as a member of the New Mexico Mortgage Finance Authority, Risk Management Advisory Board, State Commission of Public Records, Judicial Council, Compilation Commission, New Mexico Border Commission, and Law Enforcement Academy Board.

Sections 8-5-1 through 8-5-15 NMSA 1978 establish the functions of the attorney general and the office. The attorney general serves as the head of the Department of Justice, the state's chief legal officer, legal counsel to state government, and consumer advocate. As the state's chief legal officer, the duties of the attorney general include prosecuting and defending cases in which the state is an interested party in the Supreme Court, Court of Appeals, or any other court or tribunal; prosecuting and defending all actions and proceedings brought by or against any state officer or head of a state department, board, or commission or any employee of the state acting in an official capacity; and issuing written opinions on any questions of law submitted by the Legislature, any member of the Legislature, the governor, state officials, or any district attorney.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		
2006-2007	2007-2008	Agency	LFC	Percent	
Actuals	Budgeted	Request	Recommendation	Incr	
				(Decr)	
SOURCES					
General Fund Transfers	12,134.9	15,570.0	17,589.0	16,219.0	4.2
Other Transfers	1.6	0.0	0.0	0.0	***
Federal Revenues	1,291.0	1,581.6	1,696.5	1,696.5	7.3
Other Revenues	2.5	0.0	74.0	74.0	***
SOURCES TOTAL	13,430.0	17,151.6	19,359.5	17,989.5	4.9
USES					
Personal Services and Employee Benefits	12,154.2	14,116.9	15,686.7	14,667.4	3.9
Contractual Services	500.0	612.2	837.6	754.9	23.3
Other	2,130.2	2,318.5	2,731.2	2,463.2	6.2
Other Financing Uses	104.0	104.0	104.0	104.0	0.0
TOTAL USES	14,888.4	17,151.6	19,359.5	17,989.5	4.9
FTE					
Permanent	170.0	177.0	188.0	183.0	3.4
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	171.0	178.0	189.0	184.0	3.4

BUDGET ISSUES:

The Office of the Attorney General (AG) requested a base general fund increase of \$1.2 million, or 6.5 percent, and an additional \$1 million in expansion items. AG has two programs: Legal Services and Medicaid Fraud. Its Medicaid Fraud program is 75 percent federally funded. AG received a \$115 thousand federal fund increase to cover salaries and employee benefits, rent and its elder abuse investigations. The Legal Services Program is predominantly supported by the general fund except for \$104 thousand transferred from the Medicaid Fraud Program to cover the administrative costs associated with it. Although the Legal Services Program requested a 6.2 percent increase in personal services and employee benefits, after adjusted for an error, its base request was flat.

The LFC recommends a 3.2 percent general fund increase including expansion reflecting technical adjustments and a 0.5 percent vacancy factor in the Legal Services Program. The committee's recommendation reflects \$150 thousand and 3 FTE for its government accountability division.

AG reports it will revert \$2 million from the Pojoaque settlement fund and approximately \$40 thousand from other settlements to the general fund. The settlements are the result of multistate litigation. If the Attorney General decides to join with other states to litigate against a defendant on a consumer protection issue and it ends with a settlement, it can sign on to the terms of the settlement agreement. Settlement agreements often require AG to provide consumer education and outreach with the funds awarded, but in some cases, the funds may be used for any lawful purpose and in those instances funds are directed to the general fund.

BASE EXPANSION:

The Attorney General requested \$1 million in expansion for the Legal Services Program as follows: \$177.4 thousand for 2 FTE initially supported by a federal grant for Internet Crimes Against Children Unit, \$164.1 thousand to add 2 FTE to its newly created Las Cruces office, \$225 thousand to support contractual services that will likely be needed for utility rate cases, 1 FTE for its Albuquerque office, 2 FTE for information technology, an assistant for its public information officer, and 3 FTE to address the Guadalupe Hidalgo Treaty land issues.

The committee recommends \$373.6 thousand in expansion, which includes replacing federal funds that are no longer available to fund the 2 FTE in the Internet Crimes Against Children Unit and 1 investigator FTE to assist with more than 90 cases currently being investigated by an attorney in its Las Cruces office. Also, \$150 thousand is recommended for contractual services to help the Water, Environment, and Utilities Division with expert testimony and research related to matters of gas, electric, and telecommunication regulation when representing the interests of New Mexicans and small business consumers.

RECOMMENDED LANGUAGE:

The federal funds appropriation to the legal services program of the attorney general in the personal services and employee benefits category includes one hundred four thousand dollars (\$104,000) from the medicaid fraud division.

All revenue generated from antitrust cases and consumer protection settlements through the attorney general on behalf of the state, political subdivisions or private citizens shall revert to the general fund.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Special agent internet crimes	(LEGAL)	88.7	73.2
2	Special agent internet crimes	(LEGAL)	88.7	73.2
3	Investigator - Las Cruces	(LEGAL)	88.7	77.2
4	Advocate/legal assistant - Las Cruces	(LEGAL)	75.4	0.0
5	Contractual services	(LEGAL)	225.0	150.0
6	Legal assistant - Albuquerque	(LEGAL)	75.4	0.0
7	IT technical support specialist	(LEGAL)	66.6	0.0
8	IT network specialist	(LEGAL)	71.0	0.0
9	Communications specialist	(LEGAL)	70.2	0.0
10	Attorney	(LEGAL)	102.0	0.0
11	Paralegal	(LEGAL)	68.0	0.0
12	Legal assistant	(LEGAL)	66.0	0.0
TOTAL			1,085.7	373.6

LEGAL SERVICES

The purpose of the legal services program is to deliver quality legal services, opinions, counsel and representation to state government entities and to enforce state law on behalf of the public so that New Mexicans have an open, honest, efficient government and enjoy the protection of state law.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY09 - 2008-2009</u>				
	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
General Fund Transfers	11,695.8	15,058.7	17,058.2	15,688.2	4.2
Other Transfers	1.6	0.0	0.0	0.0	***
Federal Revenues	431.2	104.0	104.0	104.0	0.0
Other Revenues	2.5	0.0	0.0	0.0	***
SOURCES TOTAL	12,131.1	15,162.7	17,162.2	15,792.2	4.2
USES					
Personal Services and Employee Benefits	10,792.4	12,542.7	14,029.6	13,010.3	3.7
Contractual Services	497.0	583.3	808.7	726.0	24.5
Other	1,947.3	2,036.7	2,323.9	2,055.9	0.9
TOTAL USES	13,236.7	15,162.7	17,162.2	15,792.2	4.2
FTE					
Permanent	149.0	156.0	167.0	162.0	3.8
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	150.0	157.0	168.0	163.0	3.8

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of mediation processes initiated within seventy-two hours of receipt of completed complaint	88%	77%	90%	90%	90%
Outcome	Percent of investigations of Open Meetings Act, Inspection of Public Records Act, Governmental Conduct Act and Campaign Reporting Act, with complaints or referrals initiated within thirty days of referral	100%	100%	100%	100%	100%
* Outcome	Percent of initial responses to requests for attorney general opinions made within three days of request	84%	78%	95%	95%	95%
Outcome	Percent of inquiries resolved within sixty days of complaint or referral receipt			90%	90%	90%
Efficiency	Number of outreach presentations conducted throughout the state	12	14	19	19	16
Output	Number of crime victims receiving information and advocacy		648	640	650	650

MEDICAID FRAUD

The purpose of the medicaid fraud program is to investigate and prosecute medicaid provider fraud, recipient abuse and neglect in the medicaid program.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	439.1	511.3	530.8	530.8	3.8
Federal Revenues	859.8	1,477.6	1,592.5	1,592.5	7.8
Other Revenues	0.0	0.0	74.0	74.0	
SOURCES TOTAL	1,298.9	1,988.9	2,197.3	2,197.3	10.5
USES					
Personal Services and Employee Benefits	1,361.8	1,574.2	1,657.1	1,657.1	5.3
Contractual Services	3.0	28.9	28.9	28.9	0.0
Other	182.9	281.8	407.3	407.3	44.5
Other Financing Uses	104.0	104.0	104.0	104.0	0.0
TOTAL USES	1,651.7	1,988.9	2,197.3	2,197.3	10.5
FTE					
Permanent	21.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	21.0	21.0	21.0	21.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Number of program improvement recommendations forwarded to the United States department of health and human services department	6	1	5	5	5
Efficiency	Percent of case investigations completed within one hundred twenty days of receipt	41%	28%	80%	80%	75%
* Outcome	Three-year projected savings resulting from fraud investigations, in millions	\$21.16	\$10.0	\$12.0	\$12.2	\$12.2
Explanatory	Total medicaid recoveries, in thousands	\$1,950.0	\$1,221.5	\$1,900.0	\$2,000.0	\$2,000.0

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico State Constitution created the position of State Auditor. The State Auditor is elected statewide to a four-year term for a maximum of two consecutive terms and is a member of the Commission of Public Records and the New Mexico Border Authority. The Audit Act, Sections 12-6-1 through 12-6-14 NMSA 1978, requires the State Auditor to annually examine and audit the financial affairs of every agency that receives or expends public money and produce a complete, written report of each audit.

MISSION:

The State Auditor audits the financial affairs of New Mexico agencies annually to improve accountability and performance and to assure New Mexico citizens that funds are expended properly. In addition the State Auditor may initiate special audits to investigate reported or suspected fraud, waste, and abuse related to the financial affairs of an agency.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,411.8	2,691.1	3,471.2	2,859.7	6.3
Other Revenues	250.0	401.0	400.0	400.0	-0.2
Fund Balance	0.0	233.9	214.0	214.0	-8.5
SOURCES TOTAL	2,661.8	3,326.0	4,085.2	3,473.7	4.4
USES					
Personal Services and Employee Benefits	1,906.3	2,580.7	3,032.8	2,656.1	2.9
Contractual Services	145.9	219.3	325.0	255.0	16.3
Other	419.6	526.0	727.4	562.6	7.0
TOTAL USES	2,471.8	3,326.0	4,085.2	3,473.7	4.4
FTE					
Permanent	30.0	32.0	36.0	32.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	31.0	33.0	37.0	33.0	0.0

BUDGET ISSUES:

The State Auditor reports that only 50 percent of the FY07 audits were completed by the regulatory due date, well below the target of 74 percent and the FY06 result of 74 percent. Additionally, only 61 percent of statutory reviews were completed within 10 days, again, well below the target of 75 percent. The State Auditor reported in October 2007 that four state agencies, including the General Services Department (GSD), six counties, and 32 municipalities had yet to complete 2006 audits. Several municipalities and counties are delinquent on 2005 audits as well.

Although some progress has been made, a high vacancy rate continues to plague the State Auditor with seven positions vacant, or 22 percent of the agency's authorized work force. The Legislature in 2007 approved 2 expansion FTE for the State Auditor. All positions should be filled before further expansion of the office.

The LFC recommendation makes technical corrections as necessary to reflect the correct GSD assessments and rates. The recommendation does not fund a \$115 thousand, or 31 percent, increase in rent for the Santa Fe office. While the number of authorized FTE has grown in recent years, the State Auditor is encouraged to look at alternatives to continuing to lease space. The State Auditor should work with the Property Control Division of GSD to determine if state-owned space, such as the recently acquired Public Employee Retiree Association building, could accommodate the agency's needs. As a constitutional office it would be appropriate for the State Auditor to be near the capitol complex.

The LFC recommendation does not fund a proposed \$50 thousand increase in contractual services for media services because the budget already contains funding for public service announcements and advertising. Additionally, the LFC recommendation funds the proposed independent fraud hotline at actual cost, \$30 thousand, instead of the requested \$50 thousand. The LFC recommendation funds the request in all other categories.

BASE EXPANSION LISTING
FY09 - 2008-2009

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Audit Managers	(AUDITOR)	213.7	0.0
2	General Counsel Expansion	(AUDITOR)	124.0	0.0
3	<u>Contracting Process Enhancement</u>	<u>(AUDITOR)</u>	<u>61.9</u>	<u>0.0</u>
TOTAL			399.6	0.0

STATE AUDITOR

The purpose of the state auditor program is to audit the financial affairs of every agency annually so they can improve accountability and performance and to assure New Mexico citizens that funds are expended properly.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of audits completed by regulatory due date	74%	50%	74%	80%	80%
Outcome	Percent of statutory reviews of audit reports completed within ten days	65%	61%	75%	75%	75%
Outcome	Percent of agency auditor selection requests processed within five days of receipt	100%	100%	100%	100%	100%
* Output	Total audit fees generated	\$425,554	\$250,000	\$400,000	\$400,000	\$400,000
Output	Number of training sessions performed	7	20	16	16	16
Output	Number of working paper reviews of independent public accountants	42	36	42	45	45

STATUTORY AUTHORITY:

Sections 9-11-1 through 9-11-13 NMSA 1978 create the Taxation and Revenue Department (TRD) as a single, unified department for administration of laws and oversight functions related to taxation, revenue, and vehicles. TRD administers various tax programs that provide major sources of revenue to the general fund, state road fund, and many other state funds. The department also collects state-shared taxes, such as gross receipts, and distributes revenues to county and municipal governments. TRD provides valuations for major industrial properties subject to property taxes, collects royalties from mineral production on state lands for credit to the state's permanent fund, and administers various income tax and rebate programs. In addition, TRD is responsible for collecting revenue from motor vehicle registrations, drivers' licenses, and other motor-vehicle-related permits.

MISSION:

The mission of TRD is to administer and enforce New Mexico's Tax Administration Act and Motor Vehicle Code in a manner resulting in the highest degree of accuracy and fairness to taxpayers while ensuring that all taxes owed are paid in a timely manner.

BUDGET SUMMARY (dollars in thousands)					
	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	59,691.4	67,805.5	72,734.0	69,519.8	2.5
Other Transfers	517.1	547.5	502.7	502.7	-8.2
Federal Revenues	1,244.0	1,466.2	1,536.6	1,536.6	4.8
Other Revenues	16,320.7	14,561.0	14,054.5	13,906.4	-4.5
Fund Balance	893.8	0.0	0.0	0.0	
SOURCES TOTAL	78,667.0	84,380.2	88,827.8	85,465.5	1.3
USES					
Personal Services and Employee Benefits	51,420.9	60,025.3	61,830.4	59,727.4	-0.5
Contractual Services	3,651.1	6,575.3	6,499.1	6,374.1	-3.1
Other	18,725.7	17,683.3	20,498.3	19,364.0	9.5
Other Financing Uses	500.0	96.3	0.0	0.0	-100.0
TOTAL USES	74,297.7	84,380.2	88,827.8	85,465.5	1.3
FTE					
Permanent	1,053.0	1,144.0	1,207.0	1,176.0	2.8
Term	36.0	40.0	30.0	30.0	-25.0
Temporary	35.7	35.7	35.7	35.7	0.0
TOTAL FTE POSITIONS	1,124.7	1,219.7	1,272.7	1,241.7	1.8

BUDGET ISSUES:

With program vacancy rates ranging from 11 percent to 33 percent, the agency continues to struggle to fill vacant positions. As of September 1, 2007, the agency had a 21 percent vacancy rate, significantly higher than the agency historical average of 15.5 percent. The agency request assumed vacancy savings in the personal services and employee benefits category, and the committee recommendation assumes slightly higher vacancy savings of 6.5 percent. In accordance with LFC guidelines, the recommendation adequately funds current program and base needs. The recommendation provides sufficient funding to lower the vacancy rates in each program. For example, the Property Tax Program consistently has 32 percent of its positions vacant, but the committee recommendation funds a 10 percent vacancy rate.

The agency will incur new costs from Department of Information Technology Information Service Division (ISD) rates in FY09, with only a slight reduction in other General Service Department rates. The recommendation funds the \$909 thousand net increase. The agency also reported an FY08 shortfall of about \$800 thousand for ISD rates but has not requested a supplemental appropriation.

The Tax Administration Program comprises the Audit and Compliance Division (ACD) and Revenue Processing Division (RPD). ACD continues to report strong returns from its delinquent tax collection efforts. Since 2003, the Legislature has appropriated \$11.8 million and authorized 62 new FTE for revenue enhancement initiatives. The agency reports \$456 million collected from these initiatives, with \$132 million collected in FY07. In addition to adding more audit staff, the agency has upgraded its

information technology systems, broadened its information sharing agreements, and made better use of federal data to collect from noncompliant filers. The initiatives have been successful, but the return on expanding these programs will likely diminish as the “tax gap” is narrowed.

In addition, the audit activities become unpopular when applied without warning or precedent. This year the department began enforcing a 1997 law and issued new penalty assessments for failure to pay quarterly estimated taxes. Without warning many filers received penalty assessment letters for not complying with the law. The large majority of assessments were small, yet the department received numerous complaints and refunded or waived the penalty. Some 43,000 New Mexicans were assessed a total of \$3.5 million, and more than \$2.7 million will be refunded to taxpayers, with the balance in assessments waived.

The Motor Vehicle Division (MVD) continues to focus on improving service to customers, in particular by reducing wait times at field offices. The agency reports that wait times at field offices have been reduced to 14 minutes statewide. This is a significant improvement over the 35-minute average wait time three years ago, but the tracking systems may not adequately report the time spent at an MVD office. Customers frequently wait in line before receiving a Q-matic ticket, which “starts the clock.” The department reports it is working to standardize its measurement process across the field offices. To further improve service, the agency has requested capital outlay funding for a new MVD field office in Santa Fe and additional operating funds to expand the Las Cruces offices. However, the biggest challenge for MVD is adequately staffing the field offices, and the agency has put significant effort to raise employee retention and boost employee morale through in-band pay adjustments, reorganization, and employee training.

MVD customer service will also be impacted by the deployment of centralized issuance of licenses -- a project initially funded in 2006. In the coming year, MVD will no longer issue permanent licenses at MVD field offices. Instead, customers will receive a temporary license, and a permanent license will be issued through the mail from an off-site, contract vendor. The \$1.2 million contract has been issued to Digimarc Corporation, a national supplier of identity cards, and the project will begin in March 2008.

Laws 2007, Chapter 317 (House Bill 126), appropriated \$1.1 million to the department to implement background checks for out-of-state applicants for driver's licenses to detect drivers with a conviction for driving while intoxicated. The appropriation supported an additional 12 FTE for the project. To date, 55 of more than 6,000 applicants have been denied an unrestricted license for driving while intoxicated. Of these, five have complied with New Mexico law by installing an ignition interlock device.

In FY07, the department made significant changes to its appropriated budget through budget adjustment request (BAR) authority. The MVD budget was increased by more than \$3 million. Of this amount, about \$1 million came from federal grants to administer the commercial driver's license program and \$2 million came from the various fees the department assesses, particularly the weight distance administration fee and the enhanced drivers license fee. Due to vacancy savings, the department moved \$660 thousand out of the personal services and employee benefits category in the Tax Administration Program and \$540 thousand out of personal services and employee benefits in Program Support for contracts and other costs.

High vacancy rates in the Property Tax Program and Information Technology Division of Program Support continue to impact operations. For example, the Property Tax Program missed its target for resolution of delinquent accounts. The agency reports the program is focusing its resources to resolve the high-dollar accounts, which results in a lower percent of accounts resolved. In addition, the department will begin reporting on the average assessed value of property versus the market value, a measure that should provide some gauge of the quality and accuracy of the property tax valuations from one county to the next. State capital outlay funds are distributed to school districts based on the property tax valuation data. With inconsistent or inaccurate data, funding for school districts might be inequitable.

The information technology (IT) systems are critically important to efficiently implement the state's tax laws and serve the public. The IT division, housed in Program Support, carries a high number of vacant positions – historically more than 20 percent – in part because the jobs are hard to fill and retain. The committee recommendation provides sufficient funding in the personal services and employee benefits category to reduce this historically high vacancy rate to 8 percent.

BASE EXPANSION:

The Legislature has enacted around 30 new tax incentives in recent years to attract investment, businesses, and jobs to New Mexico. Ensuring these new tax credits are properly applied and distributed is a responsibility of the department, and the committee recommends \$419.6 thousand from the general fund and 8 FTE for tax credit application reviews and audits. The department estimates the new audit activity will prevent \$1 million in erroneous refunds from being issued and allow the division to conduct additional combined reporting system (CRS) audits that will raise \$600 thousand per year.

The Tax Fraud Investigation Division of the Compliance Enforcement Program has initiated a review of MVD and its partner offices. The committee recommends 4 FTE and \$241 thousand from the general fund for the Internal Audit Bureau to conduct internal audits resulting in an estimated \$1 million in MVD fees from auto dealers, private MVD retail agents, title services companies, and data vendor contractors. Approximately half of the anticipated revenue would be returned to the general fund through excise taxes; about 30 percent would go to the road fund; about 11 percent would go to local governments; and 8 percent would be distributed through various administration fees.

As Las Cruces continues to grow, the demands for services at the MVD field office increase as well. To address this workload and provide better customer service, the committee recommends an expansion of 8 FTE and \$466 thousand from the general fund.

The committee also recommends the conversion from term to permanent status of several FTE in MVD and the Property Tax Program. The revenue streams for these positions are statutorily created and the permanent status should help the agency hire and retain employees for these positions.

In Program Support, \$65 thousand from the general fund is recommended to add an FTE and replace revenue from a federal grant that supported another FTE. The information and records clerks assist with implied consent hearings in driving-while-intoxicated cases. The committee also recommends the transfer of an attorney from the Property Tax Program to Program Support.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	IT help desk (1 FTE)	(PRG SUPPORT)	53.8	0.0
2	MVD matrix implementation	(MVD)	129.1	0.0
3	TFID MVD partner management (4 FTE)	(COMPLIANCE)	241.0	241.0
4	ACD credit review unit (8 FTE)	(TAX ADMIN)	419.6	419.6
5	MVD Las Cruces field office (8FTE)	(MVD)	511.9	466.3
6	DWI implied consent clerk & perm FTE (2 FTE)	(PRG SUPPORT)	65.0	65.0
7	MVD disabled persons placards (1 FTE)	(MVD)	126.7	0.0
8	ACD Albuquerque westside field office (6 FTE)	(TAX ADMIN)	453.9	0.0
9	MVD Rio Rancho & Hobbs field offices (23 FTE)	(MVD)	1,334.5	0.0
10	MVD partner management term to perm	(MVD)	0.0	0.0
11	PTD term to perm	(PRPTY TAX)	0.0	0.0
12	Program Support/PTD transfer attorney	(PRG SUPPORT)	58.4	58.4
12	PTD transfer attorney	(PRPTY TAX)	-58.4	-58.4
TOTAL			3,335.5	1,191.9

TAX ADMINISTRATION

The purpose of the tax administration program is to provide registration and licensure requirements for tax programs and to ensure the administration, collection and compliance of state taxes and fees that provide funding for support services for the general public through appropriations.

**BUDGET SUMMARY
(dollars in thousands)**

	FY09 - 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	26,030.8	28,659.8	29,680.5	28,946.1	1.0
Federal Revenues	527.6	1,466.2	1,536.6	1,536.6	4.8
Other Revenues	721.0	935.8	983.4	983.4	5.1
SOURCES TOTAL	27,279.4	31,061.8	32,200.5	31,466.1	1.3
USES					
Personal Services and Employee Benefits	20,977.1	24,664.1	24,945.1	24,551.7	-0.5
Contractual Services	389.4	236.5	110.6	105.6	-55.3
Other	6,124.0	6,161.2	7,144.8	6,808.8	10.5
TOTAL USES	27,490.5	31,061.8	32,200.5	31,466.1	1.3
FTE					
Permanent	467.0	493.0	507.0	501.0	1.6
Term	22.0	26.0	26.0	26.0	0.0
Temporary	31.7	31.7	31.7	31.7	0.0
TOTAL FTE POSITIONS	520.7	550.7	564.7	558.7	1.5

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Collections as a percent of collectable audit assessments generated in the current fiscal year	34%	40%	40%	40%	40%
* Outcome	Collections as a percent of collectable outstanding balances from the end of the prior fiscal year	20%	18.2%		20%	20%
Outcome	Revenue collections as a percent of audit assessments	32%				
Outcome	Percent of baseline and funded delinquent tax collection targets above baseline met	102.7%	122.8%		100%	100%
* Output	Percent of electronically filed returns (personal income tax, combined reporting system)	33.7%	37.4%	45%	50%	50%
Output	Percent of taxpayer correspondence requests answered in an average of ten working days				100%	100%
Outcome	Collections as a percent of collectable outstanding balances from June 30, 2006		18.2%			
Outcome	Collections as a percent of collectable outstanding balances from June 30, 2007			20%		
Outcome	Collections as a percent of collectable audit assessments generated in prior fiscal years	17%				
Outcome	Collections as a percent of collectable outstanding balance	11.9%				

MOTOR VEHICLE

The purpose of the motor vehicle program is to register, title and license vehicles, boats and motor vehicle dealers and to enforce operator compliance with the motor vehicle code and federal regulations by conducting tests, investigations and audits.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	12,523.9	15,243.7	17,389.7	15,589.0	2.3
Federal Revenues	667.9	0.0	0.0	0.0	***
Other Revenues	12,968.6	10,831.4	10,148.1	10,148.1	-6.3
Fund Balance	893.8	0.0	0.0	0.0	
SOURCES TOTAL	27,054.2	26,075.1	27,537.8	25,737.1	-1.3
USES					
Personal Services and Employee Benefits	14,004.0	16,161.5	17,146.4	16,054.8	-0.7
Contractual Services	1,486.6	3,582.8	3,126.3	3,126.3	-12.7
Other	6,789.1	6,330.8	7,265.1	6,556.0	3.6
Other Financing Uses	500.0	0.0	0.0	0.0	***
TOTAL USES	22,779.7	26,075.1	27,537.8	25,737.1	-1.3
FTE					
Permanent	307.0	363.0	399.0	375.0	3.3
Term	4.0	8.0	4.0	4.0	-50.0
Temporary	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	315.0	375.0	407.0	383.0	2.1

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Efficiency	Average wait time in q-matic-equipped offices, in minutes	17	14	14	15	14
* Efficiency	Average call center wait time to reach an agent, in minutes	4.16	4.91	3.75	3.75	3.75
Efficiency	Average number of days to post "court action" driving-while-intoxicated citations to drivers' records upon receipt	1	1	1		1
Explanatory	Average call center customer wait time based on 12,828 calls per week		4.91	3.75	3.75	3.75
* Outcome	Percent of registered vehicles with liability insurance	87%	89%	90%	89%	89%
Outcome	Percent of vehicle registration renewals using alternative methods	43%				
Outcome	Percent increase in kiosk transactions as a percent of same-type transactions a field office agent could perform	4.3%				

PROPERTY TAX

The purpose of the property tax program is to administer the property tax code, to ensure the fair appraisal of property and to assess property taxes within the state.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	801.7	764.1	706.3	663.2	-13.2
Other Revenues	2,350.6	2,475.2	2,618.0	2,469.9	-0.2
SOURCES TOTAL	3,152.3	3,239.3	3,324.3	3,133.1	-3.3
USES					
Personal Services and Employee Benefits	2,086.7	2,516.8	2,620.5	2,429.3	-3.5
Contractual Services	73.8	126.3	126.6	126.6	0.2
Other	681.3	596.2	577.2	577.2	-3.2
TOTAL USES	2,841.8	3,239.3	3,324.3	3,133.1	-3.3
FTE					
Permanent	44.0	44.0	49.0	49.0	11.4
Term	6.0	6.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	50.0	50.0	49.0	49.0	-2.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of counties in compliance with sales ratio standard of eighty-five percent assessed value to market value	97%	88%		80%	90%
Outcome	Percent of delinquent accounts that are resolved	62%	66%	88%		
* Output	Number of appraisals or valuations for companies conducting business within the state subject to state assessment	504	511	510	510	510
Output	Amount of delinquent property tax collected and distributed to counties, in millions	7.2	7.5		6.5	7.0
Output	Number of appraisals and valuations for corporations conducting business within the state	504				

COMPLIANCE ENFORCEMENT

The purpose of the compliance enforcement program is to support the overall mission of the New Mexico taxation and revenue department by enforcing the criminal statutes relative to the New Mexico Tax Administration Act and other related financial crimes, as they impact New Mexico state taxes, in order to encourage and achieve voluntary compliance with New Mexico tax laws.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,315.4	2,592.9	2,835.9	2,795.3	7.8
Other Revenues	0.1	0.0	0.0	0.0	***
SOURCES TOTAL	2,315.5	2,592.9	2,835.9	2,795.3	7.8
USES					
Personal Services and Employee Benefits	1,972.0	2,124.3	2,235.2	2,235.2	5.2
Contractual Services	2.6	3.1	9.5	9.5	206.5
Other	291.3	369.2	591.2	550.6	49.1
Other Financing Uses	0.0	96.3	0.0	0.0	-100.0
TOTAL USES	2,265.9	2,592.9	2,835.9	2,795.3	7.8
FTE					
Permanent	33.0	34.0	38.0	38.0	11.8
TOTAL FTE POSITIONS	33.0	34.0	38.0	38.0	11.8

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Outcome	Successful tax fraud prosecutions as a percent of total cases prosecuted	100%	100%	90%	90%	90%
Output	Percent of internal audit recommendations implemented by department		83%		80%	80%
Efficiency	Tax fraud convictions as a percent of cases prosecuted	100%				

PROGRAM SUPPORT

The purpose of program support is to provide information system resources, human resource services, finance and accounting services, revenue forecasting and legal services in order to give agency personnel the resources needed to meet departmental objectives. For the general public, the program conducts hearings for resolving taxpayer protests and provides stakeholders with reliable information regarding the state's tax programs.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	18,019.6	20,545.0	22,121.6	21,526.2	4.8
Other Transfers	517.1	547.5	502.7	502.7	-8.2
Federal Revenues	48.5	0.0	0.0	0.0	***
Other Revenues	280.4	318.6	305.0	305.0	-4.3
SOURCES TOTAL	18,865.6	21,411.1	22,929.3	22,333.9	4.3
USES					
Personal Services and Employee Benefits	12,381.1	14,558.6	14,883.2	14,456.4	-0.7
Contractual Services	1,698.7	2,626.6	3,126.1	3,006.1	14.4
Other	4,840.0	4,225.9	4,920.0	4,871.4	15.3
TOTAL USES	18,919.8	21,411.1	22,929.3	22,333.9	4.3
FTE					
Permanent	202.0	210.0	214.0	213.0	1.4
Term	4.0	0.0	0.0	0.0	
TOTAL FTE POSITIONS	206.0	210.0	214.0	213.0	1.4

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of driving-while-intoxicated drivers license revocations rescinded due to failure to hold hearings in ninety days	.9%	.7%	1%	1%	1%
Outcome	Number of tax protest cases resolved	730	802	735	750	750
Outcome	Percent of projects certified by the department of information technology completed within budget				100%	100%

STATUTORY AUTHORITY:

The State Investment Council (SIC) was created by Section 6-8-2 NMSA 1978 and is responsible for managing the land grant (LGPF), severance tax (STPF), tobacco settlement (TSPF), and water (WPF) permanent funds, as well as the investments of other state and political subdivision clients. SIC consists of nine members: the governor, state treasurer, commissioner of public lands, secretary of the Department of Finance and Administration, state investment officer, chief financial officer of a state institution of higher education, and three public members. The three public members and the chief financial officer of a state institution of higher education are appointed by the governor with the consent of the Senate and serve staggered terms of five years. SIC formulates policy implemented by the state investment officer (SIO) and staff in the day-to-day functions of the investment office.

MISSION:

New Mexico's two main endowment funds, the land grant and the severance tax permanent funds, are to provide permanent and continuing benefits for the present and future citizens of New Mexico from the revenue from lands held in trust and the extraction of certain natural resources. SIC's mission is to optimize the funds to ensure that future generations receive the same benefits as current beneficiaries and to professionally invest the funds as provided by law to generate the maximum benefits over time to provide a current revenue source for the state's general fund.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	29,156.7	29,344.7	34,604.2	31,876.3	8.6
Other Revenues	1,146.6	450.0	950.0	950.0	111.1
SOURCES TOTAL	30,303.3	29,794.7	35,554.2	32,826.3	10.2
USES					
Personal Services and Employee Benefits	3,034.2	3,443.7	3,494.1	3,354.3	-2.6
Contractual Services	23,426.0	25,520.7	31,096.7	28,558.5	11.9
Other	762.9	830.3	963.4	913.5	10.0
TOTAL USES	27,223.1	29,794.7	35,554.2	32,826.3	10.2
FTE					
Permanent	29.0	32.0	32.0	32.0	0.0
TOTAL FTE POSITIONS	29.0	32.0	32.0	32.0	0.0

BUDGET ISSUES:

The agency budget request of \$35.6 million represented an increase of 19.3 percent over the FY08 operating budget. SIC requested an increase of \$5.6 million over the FY08 operating budget of \$25.5 million, or 21.8 percent, for contractual services, a majority of which is investment manager fees. This category has grown 16 percent from FY05 to FY07, and SIC expects FY08 to be 7.8 percent higher than budgeted. Other expenditures are projected to increase \$133.1 thousand or 16 percent.

The total recommendation of \$32.8 million allows for a 10.2 percent increase. The recommendation for personal services takes a 4 percent vacancy savings compared with 11 percent as of September 1, 2007.

The committee recommendation in the contractual services category is a significant increase over FY08 and should provide sufficient growth for investment manager fees. The committee recommends a 10 percent increase in other expenditures.

The performance for FY07 was excellent. The STPF gained 17.8 percent for the year but trailed its policy target by 0.1 percent, while the LGPF returned 17.9 percent, beating its policy target by 0.6 percent. Equity investments, particularly international, continued to perform very well, and the performance in the fixed income asset class was better than the previous year, largely due to increases in the federal funds rate. Hedge funds and private equity investment return, based on periodic valuations, were also very strong at the end of FY07. Hedge funds, however, had a rough first quarter of FY08 because credit markets suffered an extreme correction caused by the housing downturn and the implosion of the subprime mortgage market.

Total value of assets under SIC management was \$16.1 billion as of June 30, 2007: LGPF balance was \$10.7 billion; STPF was \$4.7 billion. Total assets under SIC management at the end of FY06 was \$13.6 billion.

The returns of the past two years have significantly added to the corpus of the permanent funds but the whole market has had good performance, calling into question the added value of active management of investments versus passive management. For the traditional asset classes, the returns are gross of fees so an active manager should be outperforming the benchmark by at least the amount of the management fee to justify active management.

There are \$159.6 million in outstanding film loans for 14 projects as of August 31, 2007, an increase of \$45 million, or 40 percent, from the prior year. Seven loans have matured and were paid off, including two that were paid off well ahead of schedule. Lions Gate Entertainment, which has \$73 million in outstanding loans, or 45 percent of the total, has distributed \$500 thousand to SIC as an advance on expected profit for the movie "Employee of the Month," the first significant profit distributed to SIC.

The FY06 audit of the agency listed only one finding updated from a similar finding in the FY05 audit: lack of an effective transition plan and loss of institutional knowledge. All other FY05 audit findings were resolved. The main recommendation was to implement a general ledger software system. SIC reports they are having trouble finding an adequate package that works with SHARE and QED, SIC's investment tracking program, and can track financial information for each SIC client. SIC has not had success in hiring an auditor/accountant because of salary constraints but has not asked for a reclassification of this position.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the state investment council in the contractual services category includes twenty seven million two hundred and twenty-eight thousand dollars (\$27,228,000) to be used only for money manager fees.

STATE INVESTMENT COUNCIL

The purpose of the state investment program is to provide investment management of the state's permanent funds for the citizens of New Mexico in order to maximize distributions to the state's operating budget while preserving the real value of the funds for future generations of New Mexicans.

PERFORMANCE MEASURES

		FY06	FY07	FY08	FY09	FY09
		Actual	Actual	Budget	Request	Recomm
* Outcome	Five-year annualized investment returns to exceed internal benchmarks, in basis points	27.5	30	>25	>25	>25
* Outcome	One-year annualized percentile performance ranking in endowment investment peer universe	41	27	<49	<49	<49
* Outcome	One-year annualized investment returns to exceed internal benchmarks, in basis points	86.5	60	>25	>25	>25
* Outcome	Five-year annualized percentile performance ranking in endowment investment peer universe	67	46	<49	<49	<49

STATUTORY AUTHORITY:

The Department of Finance and Administration (DFA) was created by Sections 9-6-1 through 9-6-15 NMSA 1978 to provide a single, unified department to administer laws related to the finance of state government. In addition, the department provides planning and technical assistance to local entities, coordinates state agency plans, and administers state and federal grant programs. In 2003, the Legislature passed and the governor signed the Assessment and Accountability Act, which proposed sweeping education reforms. Among its provisions, the act created the Office of Education Accountability (OEA) and placed it within DFA. OEA opened its doors on September 1, 2003.

MISSION:

The Department of Finance and Administration mission is to provide the governor, other agencies, and local entities with fiscal, policy, analysis, and budgetary services to ensure responsive and fiscally responsible governance for the citizens of New Mexico.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	12,572.9	15,880.2	18,659.4	16,541.8	4.2
Other Transfers	224.3	729.8	764.8	439.8	-39.7
Federal Revenues	11,284.5	14,298.9	14,614.5	14,614.5	2.2
Other Revenues	41,253.1	28,008.3	33,079.1	33,079.1	18.1
Fund Balance	12,700.0	6,697.2	4,436.1	4,436.1	-33.8
SOURCES TOTAL	78,034.8	65,614.4	71,553.9	69,111.3	5.3
USES					
Personal Services and Employee Benefits	10,262.7	12,951.0	14,214.7	13,122.2	1.3
Contractual Services	2,925.5	5,951.1	6,759.5	6,233.7	4.7
Other	39,186.8	46,412.3	50,279.5	49,455.4	6.6
Other Financing Uses	1,800.0	300.0	300.0	300.0	0.0
TOTAL USES	54,175.0	65,614.4	71,553.7	69,111.3	5.3
FTE					
Permanent	147.8	155.8	168.5	157.0	0.8
Term	20.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	167.8	176.8	189.5	178.0	0.7

BUDGET ISSUES:

DFA's FY09 regular operating budget appropriation request was \$71.5 million, an 8 percent increase over the agency FY08 operating budget. For nonoperating costs, DFA's general fund request was \$14.9 million, a 3 percent increase over the FY08 operating budget. The nonoperating budget request eliminated \$1.7 million in mostly local projects that were approved for the FY08 operating budget, while including \$1.2 million in expansion items for the rodeo initiative (\$700 thousand) and for technical assistance on water and wastewater programs (\$500 thousand).

The LFC recommendation provides an additional \$150 thousand for the Civil Legal Services Commission (CLS). The Legislature in 2007 appropriated \$2.5 million from the general fund to increase access to legal services for low-income individuals. Previously, CLS received no general fund support. This significant increase over a two-year period is predicated on the majority of the additional funds being used to provide direct services to indigent clients, as opposed to broader advocacy activities. CLS and its grantees are expected to develop consistent reporting requirements and, to the extent possible, consistent performance measures to demonstrate the level of direct services provided and how the funds are addressing the needs for low-income representation.

A November 2007 LFC performance evaluation of the statewide human resource accounting and management reporting system (SHARE) identified areas of continuing concern. While it appears the data available from the system is reliable, agencies do not have access to key management reports. Both the budget status report and the cash balance report were either unavailable for long periods of time or show inaccurate results. Without these reports, it is difficult for agencies or the Legislature to form a comprehensive picture of the state's financial health. The LFC evaluation also found that governance of the system remains bifurcated between DFA and the Department of Information Technology (DoIT), and that, although project risks were

often identified before the system went online, strategies to mitigate those risks were often lacking. Inadequate training, identified early on as a major deficiency, continues to plague the system and has led to a perception, accurate or not, that SHARE doesn't work. Among the major recommendations of the LFC evaluation are complete the work necessary to produce reliable management reports, establish a SHARE governance structure that includes centralized management, seek sufficient funding for adequate training of end users and technical staff, and identify configuration and programming issues and seek adequate funding to address them.

When the state purchased a new statewide accounting system, the Legislature expected that any system would be accessible and would provide real-time reporting to agencies and the Legislature. SHARE is a statewide system and, as such, is "owned" as much by the Legislature and the judiciary as the executive. To date, however, the level of access outside of the executive is no greater than under the previous system. In denying read-only access to LFC, DFA noted the need to protect access to sensitive or personal information in the system. LFC respects the need for appropriate protocols on sensitive data but notes that DFA analysts have full access to the system upon simply signing a confidentiality agreement. It is difficult to understand why LFC staff cannot be trusted with read-only access to the same information. Nevertheless, the biggest issue is real-time access to reports SHARE is supposed to produce. As currently configured the system may not be able to produce meaningful reports and, therefore, LFC would support a further appropriation to purchase the necessary software for that purpose. This would benefit agencies, as well as the Legislature.

In October 2007, the Office of the State Auditor reported that six counties and 32 municipalities had yet to complete their 2006 audit reports. The same report showed that four counties and 19 municipalities had yet to complete 2005 audits and four municipalities had yet to complete 2004 audits. While counties and, especially, municipalities often cite the lack of budgets to pay for independent audits, greater effort and maybe even sanctions, not just more money, are needed to bring local public bodies into compliance. DFA and the State Auditor recently took a first step toward addressing the issue by developing a proposed rule on budget certification supported by completed annual audits. However, it should be mandatory that a report be made to the appropriate executive and legislative entities if a local public body does not submit a required annual audit. Further, other options, such as withholding formula distributions or capital outlay for seriously delinquent municipalities, counties, or other subdivisions, should be considered.

DFA's base request was generally flat and LFC recommends the agency request in most categories. However, because DFA continues to have a historic trend of high vacancy rates, including a vacancy rate of 13 percent in September 2007, the LFC recommendation includes a 3 percent vacancy savings across the agency. The LFC recommendation does not include a transfer of \$325 thousand from the Children, Youth and Families and Public Education departments to the Office of Education Accountability for pre-kindergarten program evaluation. Funding for the evaluation is provided in a special appropriation to those agencies for that purpose.

The LFC recommendation also includes an additional \$100 thousand for the county detention of prisoners program, as well as an additional \$150 thousand for the youth mentoring program to expand into the remaining six counties currently not served.

With more than 4,000 capital projects to manage and monitor, DFA may be stretched to provide the level of oversight needed in this area. The committee will monitor this situation and be willing to discuss future options with the agency to ensure it has the appropriate staffing levels and resources for this task.

The LFC recommendation does not fund \$250 thousand in increases for contractual services in the Fiscal Management Division for information technology expenses. Specifically the recommendation does not fund a contract with Maximus for \$80 thousand to provide help desk support for the SHARE system. Two years after the "go live" of SHARE, the Fiscal Management Division or the Department of Information Technology should be able to provide that service internally. Additionally, the request for \$170 thousand expansion of the Filenet Software should have been included in DFA's information technology request because it exceeds the \$100 thousand threshold.

The department undertook a commendable effort to revise its performance measures to focus more on outputs and outcomes. The result is an extensive list of new measures that may need to be reviewed to ensure they target key activities of each program and are sustainable. Performance measures should be stable over time to ensure meaningful measurement of department progress in key areas. Additionally, DFA should include baseline data, where available, in the future.

BASE EXPANSION:

The LFC recommends one financial coordinator for the community development program requested by DFA to assist local public bodies with improving their fiscal competence and, thereby, reduce the number of outstanding budgets and improve the quality of financial reports.

DFA included 10 percent in-pay-band increases for State Budget Division analysts in its base request. These increases are appropriately categorized as expansion.

The LFC recommendation includes a 0.2 FTE expansion in the Office of the Secretary to make the general counsel a full-time position.

LFC acknowledges the concern behind the proposed creation of an administrative services unit at DFA. Many small state agencies lack qualified staff, or even the ability to recruit qualified staff to fill financial positions. While the committee does not fund the proposed expansion request for 9 FTE, and \$1.2 million, for an administrative services unit, it accepts the proposal as an opportunity to open a dialogue with DFA on how best to meet the needs of small agencies.

RECOMMENDED LANGUAGE:

Upon certification by the state board of finance pursuant to Section 6-1-2 NMSA 1978 that a critical emergency exists that cannot be addressed by disaster declaration or other emergency or contingency funds and review of the legislative finance committee, the secretary of the department of finance and administration is authorized to transfer from the general fund operating reserve to the state board of finance emergency fund the amount necessary to meet the emergency. Such transfers shall not exceed an aggregate amount of one million five hundred thousand dollars (\$1,500,000) in fiscal year 2009. Repayments of emergency loans made pursuant to this paragraph shall be deposited in the board of finance emergency fund pursuant to the provisions of Section 6-1-5 NMSA 1978, provided that, after the total amounts deposited in fiscal year 2009 exceed two hundred fifty thousand dollars (\$250,000), any additional repayments shall be transferred to the general fund.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank	(Program)	Agency Request	LFC Recommendation
*	Convert general counsel FTE (POLICY)	0.0	24.6
*	SBD in-pay-band adjustment (POLICY)	0.0	90.0
1	Office of the Secretary (POLICY)	34.6	0.0
2	Additional executive analyst for SBD (POLICY)	70.1	0.0
3	Office of Education Accountability (POLICY)	68.7	0.0
4	Community Dev. Prgrm-Operating Fund (COMM DEV)	79.5	79.5
5	Program Support - agency services unit (PRG SUPPORT)	1,197.1	0.0
6	Technical Assistance for Local Communities DFA SPECIAL APPROPRIATIONS	500.0	0.0
7	Youth Mentoring Program DFA SPECIAL APPROPRIATIONS	607.6	150.0
8	New Mexico Rodeo Initiative DFA SPECIAL APPROPRIATIONS	700.0	0.0
TOTAL		3,257.6	344.10

* The agency included this item in the base request. The LFC considers the item to be expansion and has extracted it from the base.

POLICY DEVELOPMENT, FISCAL ANALYSIS, BUDGET OVERSIGHT AND EDUCATION ACCOUNTABILITY

The purpose of the policy development, fiscal analysis, budget oversight and education accountability program is to provide professional, coordinated policy development and analysis and oversight to the governor, the legislature and state agencies so they can advance the state's policies and initiatives using appropriate and accurate data to make informed decisions for the prudent use of the public's tax dollars.

**BUDGET SUMMARY
(dollars in thousands)**

	FY07		FY08		FY09 - 2008-2009	
	2006-2007	2007-2008	Agency Request	LFC Recommendation	Percent Incr	(Decr)
	Actuals	Budgeted				
SOURCES						
General Fund Transfers	3,322.8	3,509.4	3,893.9	3,645.4		3.9
Other Transfers	224.3	290.0	325.0	0.0		-100.0
SOURCES TOTAL	3,547.1	3,799.4	4,218.9	3,645.4		-4.1
USES						
Personal Services and Employee Benefits	2,632.6	3,080.8	3,394.0	3,147.7		2.2
Contractual Services	351.4	469.2	527.4	202.4		-56.9
Other	205.8	249.4	297.3	295.3		18.4
TOTAL USES	3,189.8	3,799.4	4,218.7	3,645.4		-4.1
FTE						
Permanent	34.8	34.8	37.5	35.0		0.6
TOTAL FTE POSITIONS	34.8	34.8	37.5	35.0		0.6

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u> 90%	<u>FY09</u> <u>Request</u> 90%	<u>FY09</u> <u>Recomm</u> 90%
Outcome	Percent of bond proceeds older than five years that are expended, reauthorized or reverted					
* Outcome	Average number of working days to process budget adjustment requests	4.75	5.5	5	5	5
Outcome	Percent of key agencies that submit quarterly performance reports on time				100%	100%
Outcome	Error rate for the eighteen-month general fund revenue forecast, gas revenue and corporate income taxes				(+/-) 8%	(+/-) 8%
Outcome	General fund reserves as a percent of recurring appropriations				10%	10%
* Outcome	Percent of agencies that develop and implement performance monitoring plans				100%	100%
Outcome	Number of agencies that ended the fiscal year with a negative expenditure variance				0	0
Outcome	Percent of policy recommendations completed within forty-eight hours of assignment				100%	100%
Outcome	Percent of performance and accountability measures adopted under the Accountability in Government Act requirements.				TBD	TBD
Outcome	Percent of meetings for which all attending board members are briefed				100%	100%
Outcome	Number of board members attending voluntary training on special topics				3	3
Outcome	Number of national and state meetings of key education reform groups attended				4	4
Outcome	Percent of analysts attending training				100%	100%
Outcome	Error rate for the eighteen-month general fund revenue forecast, non-oil and gas revenue and corporate income taxes				(+/-) 4%	(+/-) 4%
Output	Average number of bids received at competitive bond sales		11	3	7	7
Output	Date of bond sale following appropriate authorization and certificate of project readiness			June 30	June 30	June 30
Output	Percent of fiscal impact reports completed within forty-eight hours				100%	100%
Output	Percent of school districts reviewed for quality implementation of the annual evaluation component of the three-tiered licensure system		100%	100%	100%	100%
Output	Number of reports using information about education reform nationally and in other states to benchmark New Mexico's progress	5	2	4	3	3
Output	Percent of executive budget document drafts completed and submitted within initial deadlines				100%	100%
Output	Percent of governor briefing papers that contain quantitative data in the justification				100%	100%
Output	Percent of governor briefing papers complete and submitted within initial deadlines				3	3
* Output	Percent of state agencies monitored operating within available resources				100%	100%
Output	Percent of budget adjustment requests processed by the financial control division with no errors				100%	100%
Output	Percent of official bond statements, outstanding debt reports and other notices of important board of finance actions posted on website or publicized through press releases				100%	100%
Output	Number of reports on topics such as New Mexico pre-kindergarten, the children's cabinet, high school redesign, and the alignment between p-12 and higher education				2	2

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Output	Number of reports on topics such as state testing annual yearly progress ratings, student teacher accountability reporting system, and the public education department's efforts to support schools in need of improvement				2	2
Output	Number of reports on topics such as the three-tiered licensure professional development dossier system, highly qualified educator requirements, principal evaluation system, and the teacher education accountability reporting system				2	2
Output	Number of principals and other staff receiving professional development tools aimed at increasing their ability to use accountability data more effectively				120	120
Output	Percent of state agency budgets monitored on a quarterly basis				100%	100%
Output	Percent of policy recommendations submitted for consideration before bill signing				90%	90%
Quality	Percent of agencies surveyed that report they use Accountability in Government Act performance data to manage their daily operations				90%	90%
Quality	Percent of operating budgets processed by the financial control division with no errors				100%	100%
Quality	Percent of agencies submitting all required documents in the initial budget request				100%	100%
Quality	Unimpaired capital of fiscal agent		\$20.0	\$20 Million		\$20 Million
Quality	Percent of agencies submitting all required documents in the initial operating budget submission				100%	100%
Quality	Percent of agencies required to resubmit operating budget documents				100%	100%
Quality	Percent of budget adjustment request and budget reporting form submittals approved without requiring changes or modifications				100%	100%
Quality	Number of newsletters published				2	2
Quality	Number of presentations to the legislature and education, business, and community groups				5	5
Quality	Number of annual reports on ready for college and making the grade				2	2
Quality	Percent of training topics provided annually				100%	100%
Efficiency	Percent of state payments processed electronically		50%	Min 50%		Min 50%
Efficiency	Frequency of update the office of education accountability website				Quarterly	Quarterly
Outcome	Error rate for eighteen-month general fund revenue forecast	4.0%	16.82%-FY06	3%		
Outcome	Percent of bond proceeds balances not reauthorized and older than five years for inactive projects that are reverted by June 30	99%	99%			
Outcome	Yield achieved by private investment managers exceeding the merrill one- to three-year government index					
Outcome	Return on state treasurer's office investments exceeding the board of finance approved state investment office internal benchmark, in basis points				5	
Outcome	New Mexico bond rating		AA+			
Outcome	Percent of policy recommendations ready for presentation to the office of the secretary on schedule				98%	
Outcome	Percent of decision-making policies of schools and school districts relating to the recruitment and retention of school employees reviewed				80%	
Outcome	Percent change in distribution of educational newsletters				50%	

Output	Percent of key agencies reporting key performance data by specified deadlines		76%	
Output	Number of state agency budget training sessions	12	12	4
Output	Number of agencies monitored by a monthly budget monitoring and control system		0	
Output	Percent of public education department strategic plan education initiatives targets met		57%	
Output	Number of policies, rules or regulations recommended in office of education accountability reports that were adopted			5
Output	Number of principals and other staff aimed at increasing educational leaders ability to gather and use accountability data more effectively			150
Quality	Percent of time the budget preparation and review system is operational		99%	
Quality	Level of general fund reserves maintained as a percent of recurring appropriations		10.2%	
Explanatory	Return on state treasurer's office investments exceeding the board of finance approved state treasurer's office internal benchmark			
Efficiency	Percent of operating budget requests approved by the state budget division and accepted by the financial control division as correct			100%
Explanatory	Dollars saved per year through bond refunding opportunities			
Efficiency	Percent of budget adjustment requests approved by the state budget division within five days and accepted by the financial control division as correct		88%	100%
Efficiency	Date to submit reports on the public education department's implementation of reform initiatives			June 30
Efficiency	Date to submit reports on implementation of the Assessment and Accountability Act			June 30
Efficiency	Percent of assigned fiscal impact reports completed within forty-eight hours			98%

PROGRAM SUPPORT

The purpose of program support is to provide other department of finance and administration programs with central direction to agency management processes to ensure consistency, legal compliance and financial integrity; to administer the executive's exempt salary plan; and to review and approve professional services contracts.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,543.5	1,651.1	2,978.5	1,674.4	1.4
SOURCES TOTAL	1,543.5	1,651.1	2,978.5	1,674.4	1.4
USES					
Personal Services and Employee Benefits	1,346.0	1,525.7	2,158.4	1,523.9	-0.1
Contractual Services	44.6	73.9	193.3	92.5	25.2
Other	70.8	51.5	626.8	58.0	12.6
TOTAL USES	1,461.4	1,651.1	2,978.5	1,674.4	1.4
FTE					
Permanent	20.0	20.0	29.0	20.0	0.0
TOTAL FTE POSITIONS	20.0	20.0	29.0	20.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of contracts rejected			TBD	15%	15%
* Outcome	Percent of funds "certified in compliance" to the state controller as required, within fifteen days after month end			90%	90%	90%
Output	Percent of contracts containing deliverables in the scope of work				TBD	TBD
Output	Number of untimely or incorrect transactions				15%	15%
Quality	Financial statements issued timely to include auditor's unqualified opinion				90 days	90 days
Quality	Percent of exit interview surveys completed				95%	95%
Output	Percent of department fund accounts reconciled within two months following the closing of each month	89.25%				
Output	Percent of monthly reconciliations completed within fifteen days of receiving central accounting system reports, correcting entries made within fifteen days of receiving central accounting system reports and correcting entries made within fifteen days	84.5%				
Output	Percent of applicable contracts containing at least one performance measure among all newly issued contracts procured through the request for proposals process	100%	100%	100%		
Output	Percent replacement and full implementation of the financial system		100%			
Output	Number of exceptions identified through post-audit and assurance procedures performed to include a sample of the transaction population in relation to predefined attributes			TBD		
Quality	Number of "responsibility for the accounting function" standards achieved at the end of fiscal year		100%			
Quality	Department of finance administration employee retention rate			TBD		
Efficiency	Financial statements issued timely to include auditor's unqualified opinion, in days			90		

COMMUNITY DEVELOPMENT, LOCAL GOVERNMENT ASSISTANCE AND FISCAL OVERSIGHT

The purpose of the community development, local government assistance and fiscal oversight program is to provide federal and state oversight assistance to counties, municipalities and special districts with planning, implementation and development of fiscal management so that entities can maintain strong, lasting communities.

BUDGET SUMMARY
(dollars in thousands)

			<u>FY09 - 2008-2009</u>		Percent Incr (Decr)
	<u>FY07</u> 2006-2007 <u>Actuals</u>	<u>FY08</u> 2007-2008 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES					
General Fund Transfers	2,334.6	5,026.8	5,115.7	5,193.2	3.3
Federal Revenues	11,284.5	14,298.9	14,614.5	14,614.5	2.2
Other Revenues	41,253.1	28,008.3	33,079.1	33,079.1	18.1
Fund Balance	12,700.0	6,697.2	4,436.1	4,436.1	-33.8
SOURCES TOTAL	67,572.2	54,031.2	57,245.4	57,322.9	6.1
USES					
Personal Services and Employee Benefits	2,998.4	3,747.6	3,871.0	3,801.5	1.4
Contractual Services	2,078.4	4,547.6	4,699.0	4,849.0	6.6
Other	38,022.4	45,436.0	48,375.4	48,372.4	6.5
Other Financing Uses	1,800.0	300.0	300.0	300.0	0.0
TOTAL USES	44,899.2	54,031.2	57,245.4	57,322.9	6.1
FTE					
Permanent	33.0	34.0	35.0	35.0	2.9
Term	20.0	21.0	21.0	21.0	0.0
TOTAL FTE POSITIONS	53.0	55.0	56.0	56.0	1.8

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
Outcome	Percent of local capital outlay projects included in the infrastructure capital improvement plan				14%	14%
* Output	Percent of local entity budgets submitted to the local government division by established deadline				95%	95%
Output	Percent of population served by public safety answering points (PSAPs) equipped to provide enhanced wireless service				90%	90%
* Output	Number of capital projects older than five years that are unexpended				180	180
Output	Dollar amount of capital projects older than five years that are unexpended				\$50.0 Mil	\$50.0 Mil
Output	Percent of special appropriation contracts and grant agreements providing timely and accurate quarterly reports				95%	95%
* Output	Percent of state agency capital outlay projects included in the infrastructure capital improvement plan				95%	95%
* Output	Percent of local capital outlay projects included in the infrastructure capital improvement plan				90%	90%
Output	Percent of funded projects that include operating and maintenance costs in the project budget				75%	75%
Output	Number of local entities participating in the infrastructure capital improvement planning program				325	325
Quality	Percent of training attendees expressing satisfaction				90%	90%

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Quality	Percent of tax rate certifications that are accurate in the initial submission to the local entity			99%	99%
Quality	Percent of pay requests accepted as accurate by the fiscal services bureau of the local government division			95%	95%
Quality	Percent of requests accepted as accurate by the administrative services division			95%	95%
Quality	Percent of programs with no breaks in services or activities			95%	95%
Quality	Percent of capital appropriations monitored on a quarterly basis			95%	95%
Efficiency	Average number of days from availability of funds to grant award			75	75
Efficiency	Percent of funded projects that begin within six months of funding award			30%	30%
Efficiency	Average number of days to process pay requests from local entities			30	30
Outcome	Percent of state population served by wireless enhanced E-911 service			70%	
Outcome	Percent of New Mexico communities served with wireless enhanced E-911 service	83%		90%	
Outcome	Percent of state population served by enhanced landline service			90%	
Outcome	Percent of acceptable payment requests processed within five working days of receipt			95%	
Outcome	Percent of capital appropriations managed by the community development bureau older than three years that are closed			65%	
Outcome	Percent of fiscal year financial reports submitted electronically by local governments			50%	
Outcome	Percent of capital outlay projects closed by the reversion date	66.5%			
Outcome	Percent of capital appropriations older than five years that are closed			90%	
Outcome	Percent of water and wastewater infrastructure appropriations that were requested through the uniform application process			25%	
Outcome	Percent of eligible grant agreements sent out to local governments forty-five days after the capital outlay bill is signed			95%	
Outcome	Number of alcohol-related fatalities in New Mexico	211	41		
Outcome	Number of alcohol-related fatal crashes in New Mexico	TBD	167 (FY05)		
Outcome	Percent of local government entities provided with training within a period of two fiscal years			100%	
Output	Percent of community development block grant closeout letters issued within forty-five days of review of final report	70.5%	100%	95%	
Output	Number of entities that submit projects through the uniform application process			TBD	
Output	Number of projects submitted through the uniform application process			TBD	
Output	Number of capital project trainings held			4	
Output	Number of county site visits by E-911 staff			30	
Output	Number of county site visits by driving while intoxicated staff			40	
Output	Satisfaction rating for training provided by the special programs bureau			90%	
Quality	Percent of interim budget, final budget and budget resolutions approved by statutory deadlines	96.15%	100%		
Quality	Percent of local government officials expressing satisfaction in training received			90%	90%

FISCAL MANAGEMENT AND OVERSIGHT

The purpose of the fiscal management and oversight program is to provide for and promote financial accountability for public funds throughout state government and to provide state government agencies and the citizens of New Mexico with timely, factual and comprehensive information on the financial status and expenditures of the state.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,372.0	5,692.9	6,671.3	6,028.8	5.9
Other Transfers	0.0	439.8	439.8	439.8	0.0
SOURCES TOTAL	5,372.0	6,132.7	7,111.1	6,468.6	5.5
USES					
Personal Services and Employee Benefits	3,285.7	4,596.9	4,791.3	4,649.1	1.1
Contractual Services	451.1	860.4	1,339.8	1,089.8	26.7
Other	887.8	675.4	980.0	729.7	8.0
TOTAL USES	4,624.6	6,132.7	7,111.1	6,468.6	5.5
FTE					
Permanent	60.0	67.0	67.0	67.0	0.0
TOTAL FTE POSITIONS	60.0	67.0	67.0	67.0	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Number of agencies that exceed a five percent error rate in payroll payments to employees in any month during the fiscal year				5	5
Outcome	Number of agencies that fail to meet procurement code or contractual provisions for vendor payments at some point during the fiscal year				10	10
Output	Number of full-time consultant hours deployed to provide statewide human resource accounting and management reporting system end-users with advice and solutions				8,000	8,000
Output	Number of full-time coaching hours deployed to work side-by-side with statewide human resource accounting and management reporting system end-users to establish goals, to provide support and to expand skill levels				8,000	8,000
Output	Hours of one-on-one training for beginning, intermediate and advanced users of statewide human resource accounting and management reporting system				6,000	6,000
* Output	Number of regularly scheduled training courses for beginning, intermediate, and advanced users of statewide human resource accounting and management reporting system				36 courses	36 courses
Output	Number of full-time trainers deployed to expand the end-user's knowledge of statewide human resource accounting and management reporting system				4	4
Output	Number of hours of peoplesoft and oracle training courses offered for financial control division staff				40hrs/staff	40hrs/staff
Output	Percent of audit reports delivered to the state auditor's office by December 15				89%	89%
Quality	Deadline for publishing up-to-date model accounting practices				1st day FY	1st day FY

DEPARTMENT OF FINANCE AND ADMINISTRATION

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Efficiency	Percent of business days statewide human resource, accounting and management reporting system is available to end-users during business hours (8:00 a.m. to 5:00 p.m. Monday through Friday)		100%	100%
Efficiency	Percent of per diem payments to employees made within three business days of receipt at the financial control division		TBD	TBD
Efficiency	Percent of payroll payments to employees made by the scheduled payday		100%	100%
Efficiency	Percent of payments made to vendors within the parameters set by the Procurement Code and contractual provisions		95%	95%
Efficiency	Length of time to issue the comprehensive annual financial report after the end of the fiscal year, in months	7 months	7 months	7 months
Efficiency	Percent of classified financial employees whose employment performance assessment include appropriate performance criteria		100%	100%
Outcome	Costs avoided due to statewide human resource, accounting and management reporting system best practice implementation, in millions		\$7.0	
Outcome	Savings realized through maintenance of a consolidated accounting, procurement and human resource system, in millions		3%	
Output	Number of reissued warrants		TBD	
Quality	Percent of time the central payroll system is operational	100%		
Quality	Percent of time the central accounting system is operational	97%		
Quality	Percent of business days statewide human resource, accounting and management reporting system is available to end-users		100%	
Quality	Number of state agencies achieving five or more of the six "responsibility for the accounting function" standards			
Efficiency	Average number of business days needed to process payments using the statewide human resource, accounting and management reporting system	TBD	3	2

BUDGET SUMMARY
 (dollars in thousands)
 FY 2007 - 2009

	FY07 Actuals	FY08 Operating	FY09 Agency Request	FY09 LFC Recommen- dation	Pct increase (decrease)
SOURCES					
General fund transfers	\$7,337.7	\$14,446.3	\$14,894.5	\$13,061.9	-9.6%
Other transfers	\$964.0	\$190.0	\$190.0	\$190.0	0.0%
Federal program revenues	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Other program revenues	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
General revenues	\$11,849.4	\$7,809.4	\$7,809.4	\$7,809.4	0.0%
Fund balance	\$237.5	\$0.0	\$0.0	\$0.0	0.0%
TOTAL REVENUE	\$20,388.6	\$22,445.7	\$22,893.9	\$21,061.3	-6.2%
USES					
BOF emergency water fund	\$99.9	\$150.0	\$150.0	\$150.0	0.0%
BOF fiscal agent contract	\$1,048.9	\$1,050.0	\$1,050.0	\$1,050.0	0.0%
Soil conservation districts	\$0.0	\$500.0	\$0.0	\$0.0	-100.0%
Membership and dues	\$633.5	\$646.2	\$682.6	\$682.6	5.6%
Citizens review board	\$599.6	\$600.0	\$750.0	\$600.0	0.0%
Youth mentoring program	\$892.4	\$2,392.4	\$3,000.0	\$2,542.4	6.3%
New Mexico acequia commission	\$30.0	\$30.0	\$30.0	\$30.0	0.0%
Acequia & community ditch program	\$0.0	\$300.0	\$300.0	\$300.0	0.0%
Tech assist. water/wastewater	\$0.0	\$0.0	\$500.0	\$0.0	0.0%
E-911 principal and interest	\$778.6	\$0.0	\$0.0	\$0.0	0.0%
Weatherization	\$799.2	\$800.0	\$800.0	\$800.0	0.0%
Law enforcement enhancement	\$11,844.8	\$7,809.4	\$7,809.4	\$7,809.4	0.0%
NA voting rights (Sandoval County)	\$0.0	\$25.0	\$0.0	\$0.0	-100.0%
Food bank	\$399.6	\$399.6	\$399.6	\$399.6	0.0%
Agri-business task force	\$0.0	\$150.0	\$0.0	\$0.0	-100.0%
Drug & alcohol (Talpa)	\$0.0	\$70.0	\$0.0	\$0.0	-100.0%
Meth, other drug/alcohol (SJ County)	\$0.0	\$125.0	\$0.0	\$0.0	-100.0%
Meth treatment (San Juan County)	\$0.0	\$360.0	\$0.0	\$0.0	-100.0%
State planning districts	\$873.3	\$873.3	\$873.3	\$873.3	0.0%
Leasehold community assistance	\$123.8	\$123.8	\$150.0	\$150.0	21.2%
State Treasurer audit	\$24.0	\$24.0	\$24.0	\$24.0	0.0%
Cat/dog spay and neuter	\$400.0	\$0.0	\$0.0	\$0.0	0.0%
Youth mentorship (Albuquerque)	\$150.0	\$0.0	\$0.0	\$0.0	0.0%
Tutoring services to youth	\$35.0	\$0.0	\$0.0	\$0.0	0.0%
Domestic violence counseling	\$20.0	\$0.0	\$0.0	\$0.0	0.0%
DWI, alcohol & drug treatment	\$350.0	\$0.0	\$0.0	\$0.0	0.0%
Emergency medical & firefighter	\$344.0	\$0.0	\$0.0	\$0.0	0.0%
Homeless, abused & neglected	\$19.5	\$0.0	\$0.0	\$0.0	0.0%
Youth mentorship (Central NM)	\$75.0	\$0.0	\$0.0	\$0.0	0.0%
Law enforcement athletics	\$50.0	\$0.0	\$0.0	\$0.0	0.0%
Crash & fire protection services	\$100.0	\$0.0	\$0.0	\$0.0	0.0%
Emergency med & fire (Pojoaque)	\$30.0	\$0.0	\$0.0	\$0.0	0.0%
Transitional housing (Alb)	\$0.0	\$25.0	\$0.0	\$0.0	-100.0%
Homeless vet shelter (Las Cruces)	\$0.0	\$30.0	\$0.0	\$0.0	-100.0%
Domestic violence shelter (Lincoln)	\$0.0	\$62.0	\$0.0	\$0.0	-100.0%
Fetal alcohol awareness	\$0.0	\$25.0	\$0.0	\$0.0	-100.0%
Workforce dev. (Bernalillo)	\$0.0	\$50.0	\$0.0	\$0.0	-100.0%
Fire suppression SF airport	\$0.0	\$250.0	\$0.0	\$0.0	-100.0%
County prisoner detention	\$0.0	\$5,000.0	\$5,000.0	\$5,100.0	2.0%
Job training, low-income women	\$0.0	\$25.0	\$0.0	\$0.0	-100.0%
Teen court (Hobbs)	\$20.0	\$0.0	\$0.0	\$0.0	0.0%
Teen court (Luna County)	\$0.0	\$25.0	\$25.0	\$25.0	0.0%
Teen court (Santa Fe)	\$85.0	\$75.0	\$75.0	\$75.0	0.0%
NM rodeo initiative	\$0.0	\$375.0	\$1,200.0	\$375.0	0.0%
Civil legal services-special	\$200.0	\$0.0	\$0.0	\$0.0	0.0%
Computer clubhouses	\$50.0	\$0.0	\$0.0	\$0.0	0.0%
National police shooting program	\$75.0	\$0.0	\$0.0	\$0.0	0.0%
Mortgage loan to low-income	\$0.0	\$75.0	\$75.0	\$75.0	0.0%
TOTAL EXPENDITURES	\$20,151.1	\$22,445.7	\$22,893.9	\$21,061.3	-6.2%

STATUTORY AUTHORITY:

The Public School Insurance Authority (PSIA) was created by Sections 22-2-6.1 through 22-2-6.10 NMSA 1978 to provide comprehensive core insurance programs for the public schools, except those in the Albuquerque district, and other educational entities. PSIA is governed by an 11-member board. The mission of PSIA is carried out by agency staff and third-party administrators.

MISSION:

The mission of the agency is to provide an effective benefits package to educational employees and their family members so they can be protected from catastrophic losses due to medical problems, disability, and death. PSIA offers health, dental, and vision coverage, as well as life and disability insurance. PSIA also provides comprehensive property, liability, and workers' compensation programs to educational entities so they are protected against injury and financial losses.

	BUDGET SUMMARY (dollars in thousands)				
			<u>FY09 – 2008-2009</u>		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	1,102.3	1,187.3	1,292.1	1,292.1	8.8
Other Revenues	299,432.5	313,070.5	340,775.9	340,775.9	8.8
Fund Balance	0.0	7,257.9	2,060.2	2,060.2	-71.6
SOURCES TOTAL	300,534.8	321,515.7	344,128.2	344,128.2	7.0
USES					
Personal Services and Employee Benefits	728.8	806.5	836.0	836.0	3.7
Contractual Services	282,475.6	319,318.9	341,741.6	341,741.6	7.0
Other	161.6	203.0	258.5	258.5	27.3
Other Financing Uses	1,102.3	1,187.3	1,292.1	1,292.1	8.8
TOTAL USES	284,468.3	321,515.7	344,128.2	344,128.2	7.0
FTE					
Permanent	10.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	10.0	11.0	11.0	11.0	0.0

BUDGET ISSUES:

The PSIA budget request represents reasonable rate increases as compared with recent medical trends for the health benefits program, enhanced benefits for participating members, and prudent management and planning for reserve funds for the program.

For FY09, PSIA proposed a 9.9 percent increase in medical insurance premiums, to go into effect October 1, 2008. The 2007 Segal Health Plan Cost Survey indicates on a national level the increases in medical insurance premiums were 14.4 percent in 2004, 13.1 percent in 2005, 12.7 percent in 2006, and 11.7 percent in 2007. In general, PSIA's health benefit rate increases have been within or below projected medical trend. PSIA proposed an increase in dental premiums by 4.7 percent while no increase is proposed for vision, life, or disability insurance. PSIA reports that a \$17.3 million appropriation would be required to cover the employer's share of increased premiums; however, the agency plans to use approximately \$2 million in fund balance to offset increases for its member districts and charter schools.

For FY08, PSIA proposed using \$7.2 million in fund balance to reduce the increase to 7.4 percent from the original increase of 10.5 percent set to take effect October 1, 2007. However, because claims for FY07 were lower than expected and because PSIA has maintained a strong reserve balance, the agency decided to use an additional \$2 million in FY08. The additional funds will allow PSIA to defer the 7.4 percent increase to participating employees/employers until February 1, 2008, and to lower primary care co-pays from \$20 to \$15. And, in an effort to address New Mexico's serious problem with diabetes, the additional fund balance will allow PSIA, effective July 1, 2007, to reduce the co-pay for diabetic supplies to zero and formulary diabetic prescriptions to zero as of January 1, 2008.

Even with these enhanced benefits and additional use of fund balance, the incurred but not reported (IBNR) reserve (the actuarial estimate of outstanding liability of claims and expenses incurred prior to July 1, 2007) is fully funded and PSIA has an excess cash reserve, or claims fluctuation reserve, of approximately \$22.3 million after using \$9.2 million in FY08 to offset increases and \$2.2 million in FY09. The reserve of \$22.3 million is recommended by PSIA's actuary as prudent to meet the agency's fiduciary duty.

As with other state agencies that provide health insurance to New Mexicans, PSIA may be affected by legislation in 2008 that moves the state towards universal coverage. In the past, PSIA has opposed legislation that would consolidate its functions under the General Services Department's Risk Management Division. A 2007 LFC performance review indicating deficiencies in the Albuquerque Public School system's management of its program suggests the need to mandate APS participation in PSIA.

For FY09, PSIA proposed a 9.8 percent increase in risk premiums. In 2007, the Legislature approved PSIA's FY08 request of a 7 percent decrease in premiums.

As of June 30, 2007, PSIA, with support from the Legislature, has been able to erase a projected \$9.1 million deficit in its risk fund balance. Even with larger than expected property and liability claims it now expects to incur for FY08, PSIA estimates it will have a reserve fund of approximately \$1 million. PSIA's projects that the proposed FY09 increase of 9.8 percent will restore a \$2 million fund balance by the end of 2009.

Because the average increase in risk premiums over FY08 and FY09 averages to less than 5 percent, the committee recommends the agency request. However, PSIA should carefully consider reducing premiums in the future. Yearly, modest increases will help prevent large swings in premiums and ensure adequate fund balances.

The program support request for FY09 includes funds for 1 expansion FTE approved for FY08 and funds to replace information technology equipment and make improvements to the PSIA-owned building.

BENEFITS

The purpose of the benefits program is to provide an effective health insurance package to educational employees and their eligible family members so they are protected against catastrophic financial losses due to medical problems, disability or death.

BUDGET SUMMARY (dollars in thousands)					
	FY07	FY08	<u>FY09 - 2008-2009</u>		Percent Incr (Decr)
	2006-2007 <u>Actuals</u>	2007-2008 <u>Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	241,098.9	261,608.0	284,245.9	284,245.9	8.7
Fund Balance	0.0	7,257.9	2,060.2	2,060.2	-71.6
SOURCES TOTAL	241,098.9	268,865.9	286,306.1	286,306.1	6.5
USES					
Contractual Services	233,678.0	268,272.2	285,660.0	285,660.0	6.5
Other Financing Uses	551.2	593.7	646.1	646.1	8.8
TOTAL USES	234,229.2	268,865.9	286,306.1	286,306.1	6.5
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Average number of days to resolve inquiries and appeals related to customer service claims	10.32	12	14	14	14
Output	Number of participants covered by health plans	60,210	60,309	61,000	61,000	61,000
Quality	Percent of employees expressing satisfaction with group health benefits	89%	TBD	86%	87%	87%
* Efficiency	Percent variance of medical premium change between the public school insurance authority and industry average	-9.0%	-2.95%	</=3%	</=3%	</=3%
Efficiency	Percent variance of dental premium change between the public school insurance authority and industry average	-6.3%	+4%	</=3%	</=3%	</=3%
Outcome	Annual 2% increase in mammography screening compliance				52%	52%
Outcome	Annual 2% increase in pap smear screening compliance				46%	46%
Outcome	Percent of participants receiving recommended preventive care			70%		

RISK

The purpose of the risk program is to provide economical and comprehensive property, liability and workers' compensation programs to educational entities so they are protected against injury and loss.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
				<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES						
	Other Revenues	58,333.6	51,462.5	56,530.0	56,530.0	9.8
	SOURCES TOTAL	58,333.6	51,462.5	56,530.0	56,530.0	9.8
USES						
	Contractual Services	48,633.4	50,868.9	55,884.0	55,884.0	9.9
	Other Financing Uses	551.1	593.6	646.0	646.0	8.8
	TOTAL USES	49,184.5	51,462.5	56,530.0	56,530.0	9.8
FTE						
	TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent variance of public property premium change between public school insurance authority and industry average	26%	7%	</=15%	</=15%	</=15%
* Outcome	Percent variance of workers' compensation premium change between public school insurance authority and industry average	-6.7%	35%	</=7%	</=7%	</=7%
* Outcome	Percent variance of public liability premium change between public school insurance authority and industry average	43.48%	-12%	</=15%	</=15%	</=15%
Outcome	Number of workers' compensation claims in the area of ergonomics	176	40	176	100	100
Output	Number of educational entities enrolled in the risk insurance program	146	158	150	158	158
Output	Number of loss prevention training seminars	79	89	87	87	87
Quality	Percent of educational entities satisfied with risk insurance claim-processing service	99%	98%	98%	98%	98%

PROGRAM SUPPORT

The purpose of program support is to provide administrative support for the benefits and risk programs and to assist the agency in delivering services to its constituents.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Transfers	1,102.3	1,187.3	1,292.1	1,292.1	8.8
SOURCES TOTAL	1,102.3	1,187.3	1,292.1	1,292.1	8.8
USES					
Personal Services and Employee Benefits	728.8	806.5	836.0	836.0	3.7
Contractual Services	164.2	177.8	197.6	197.6	11.1
Other	161.6	203.0	258.5	258.5	27.3
TOTAL USES	1,054.6	1,187.3	1,292.1	1,292.1	8.8
FTE					
Permanent	10.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	10.0	11.0	11.0	11.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Number of prior-year audit findings that recur	0	0	</=1	</=1	0
Efficiency	Percent of employee files that contain performance appraisal development plans completed by employees' anniversary dates	100%	100%	100%	100%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	85.6%	94.5%	85%	85%	90%

STATUTORY AUTHORITY:

The Retiree Health Care Authority (RHCA) was created by Section 10-7C-1 through 10-7C-19 NMSA 1978 to provide affordable health care for New Mexico public retirees and their dependents. Section 10-7C-17 NMSA 1978 created the Discount Prescription Drug Program, formerly the Senior Prescription Drug Program. RHCA is governed by a board of 11 members: the state treasurer, a governor's appointee, a state employee, a teacher, two representatives from New Mexico public pension plans, two representatives from retiree associations, one member from the Municipal League, one member from the school superintendents' association, and one member from the Association of Counties.

MISSION:

The Retiree Health Care Authority seeks to provide an affordable, high-quality, comprehensive group health insurance benefit plan for present and future eligible retirees and their dependents. The benefits plan offers medical, prescription drug, dental, vision, basic life, voluntary life, and long-term care coverage.

BUDGET SUMMARY (dollars in thousands)					
	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	8.9	8.9	10.0	10.0	12.4
Other Revenues	167,132.6	177,389.7	192,213.1	206,560.8	16.4
Fund Balance	13,500.0	10,000.0	24,405.8	0.0	-100.0
SOURCES TOTAL	180,641.5	187,398.6	216,628.9	206,570.8	10.2
USES					
Personal Services and Employee Benefits	1,272.0	1,480.9	1,634.2	1,634.2	10.4
Contractual Services	166,428.6	182,211.6	211,494.9	201,436.8	10.6
Other	634.5	866.3	660.0	660.0	-23.8
Other Financing Uses	2,802.6	2,839.8	2,839.8	2,839.8	0.0
TOTAL USES	171,137.7	187,398.6	216,628.9	206,570.8	10.2
FTE					
Permanent	24.0	24.0	24.0	24.0	0.0
TOTAL FTE POSITIONS	24.0	24.0	24.0	24.0	0.0

BUDGET ISSUES:

FY07 was one of the most momentous years in the history of RHCA. In late 2006 the agency discovered its long-term solvency projection of 25 years was wildly off target, and as a result of new General Accounting Standard Board (GASB) rules, the state's unfunded accrued actuarial liability (UAAL) would approach \$4 billion. RHCA discovered serious administrative lapses at the agency that resulted in local public entities joining RHCA at rates significantly below the actual cost of absorbing them and information technology (IT) systems that did not accurately track accounts receivables. The agency also faced a history of premiums for retirees that had not kept up with medical trends and growth in membership and benefit plans that were not rationalized in terms of cost and subsidies. Finally, a plan that was envisioned to be pre-funded for future retirees has devolved into a situation where all contributions made by active employees are used to pay for benefits of current retirees.

To begin addressing these issues and to ensure the long term viability of the program, the Legislature passed House Bill 728 during the 2007 session. House Bill 728 established a work group including staff from the Office of the Governor, the Department of Finance and Administration (DFA), the Legislative Finance Committee (LFC), the Legislative Council Service, RHCA, and the Human Services Department, to study issues affecting the solvency of the RHCA reserve fund, ways to reduce the state's UAAL, and other steps to improve the administrative capacity of the agency. The legislation also provided \$9 million in additional general fund revenue over three years to begin to shore up the fund and \$100 thousand from legislative cash balances to assist the work group in carrying out its functions.

While the work group was conducting its study, RHCA independently took several steps to address administrative issues at the agency. It hired an actuarial firm to study and verify past actuarial assumptions related to the solvency of the RHCA fund. The subsequent report noted the findings of RHCA's actuary, Segal, were generally reasonable and that the fund's solvency period was seven years. RHCA requested proposals to analyze the agency's IT capacity and make recommendations on how to

improve accounts receivables accounting. Staff of the LFC also undertook a comprehensive review of the agency's Information Technology and human resources policies and capabilities. As a result of the LFC review, the work group approved financing of an outside analysis to recommend improvements to RHCA's internal customer service functions.

In August 2007, the RHCA board took action to begin to extend the solvency period of the RHCA fund. It raised premiums across all plans an average of 9 percent to take effect January 1, 2008. The board also adopted benefit changes including raising co-pays and rationalizing costs among benefit packages.

A key finding of the work group is that the solvency period, while important, does not tell the entire story of the health of the state's retiree health care system. It is necessary to also consider the annual required contribution (ARC) and the UAAL. The ARC indicates the amount of money that must be set aside to fund future benefits and the UAAL potentially impacts how outside investors view the overall health of the state's economy. By both measures, RHCA falls short of where it should be. The most recent estimate of the amount of additional funding needed to fully fund the ARC is \$200 million per year and, although the UAAL has decreased from an original estimate of \$5 billion to \$4.1 billion, it is unclear what, if any, impact it will have on the state's bond rating absent efforts to shore up the entire system.

The work group considered a number of options to extend the solvency, reduce the UAAL and begin to provide some pre-funding of benefits by adequately funding the ARC. In the end, the work group's report to the executive and Legislature included all options that could reasonably impact on these issues. Specifically the group recommended that future retiree premium adjustments be tied to increases in medical trends, that retirees subsidize 50 percent of their benefits and 75 percent of spousal benefits, that the employer/employee contribution be increased to 2.4 percent from the current 1.95 percent, that a 25-year solvency period be established, and that the board of RHCA be reconfigured to provide greater representation for non-retiree sectors.

RHCA's FY09 request included a significant proposal to use \$24.4 million in fund balance, a \$14.4 million, or 144 percent increase over the FY08 operating budget. The request budgeted \$17 million in expected earned interest on investments and \$3 million in general fund revenue that was appropriated during the 2007 session.

The LFC recommendation is based on more recent analysis of revenues and expenditures by RHCA's actuary that uses higher trend rates for anticipated participation levels. That analysis indicates that RHCA's FY09 revenue will be \$206.6 million with FY09 expenditures projected to be \$223.9 million. RHCA's projected FY09 investment income to be used to offset the difference between revenues and expenditures is \$12.9 million. Under the more recent analysis, the result would be essentially the same as in RHCA's initial budget request: RHCA would use all investment income earnings and dip into the fund balance corpus in order to meet projected expenses. This would inevitably reduce the fund's solvency period even more than the current seven years. The state can ill afford to allow that to happen.

The LFC recommendation reduces the use of fund balance to zero and uses a spending level based on projected recurring revenue. The board should consider all alternatives for closing the gap between revenue and expenditures, \$17.3 million, before using the corpus or investment income from the fund balance. The \$17.3 million in fund balance should be used to pre-fund future benefits by reducing the ARC.

RECOMMENDED LANGUAGE:

Any unexpended balance in program support of the retiree health care authority remaining at the end of the fiscal year 2009 shall revert to the health care benefits administrative division.

HEALTHCARE BENEFITS ADMINISTRATION

The purpose of the healthcare benefits administration program is to provide core group and optional healthcare benefits and life insurance to current and future eligible retirees and their dependents so they may access covered and available core group and optional healthcare benefits and life insurance benefits when they need them.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	164,662.4	174,549.9	189,373.3	203,721.0	16.7
Fund Balance	13,500.0	10,000.0	24,405.8	0.0	-100.0
SOURCES TOTAL	178,162.4	184,549.9	213,779.1	203,721.0	10.4
USES					
Contractual Services	165,864.9	181,710.1	210,939.3	200,881.2	10.6
Other Financing Uses	2,802.6	2,839.8	2,839.8	2,839.8	0.0
TOTAL USES	168,667.5	184,549.9	213,779.1	203,721.0	10.4
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Total revenue generated, in millions	169.7	\$164.6	\$177	\$189	\$189
Outcome	Percent of participants satisfied with the healthcare benefits program	86%	88%	85%	85%	85%
* Output	Minimum number of years of long-term actuarial solvency	15	9	15	15	25
Output	Average monthly per-participant claim cost, medicare eligible	\$247	257.5	\$299	\$346	\$346
Efficiency	Total revenue credited to the reserve fund, in millions	0	0			
Efficiency	Total healthcare benefits program claims paid, in millions	\$157.8	165.9	\$181	\$219	\$219
Efficiency	Average monthly per-participant claim cost, non-medicare eligible	\$434	466.37	\$525	\$555	\$555
Efficiency	Percent variance of medical premium change between retiree health care authority and industry average	2%	5.2%	+/-4%	+/-4%	+/-4%
Efficiency	Percent variance of dental premium change between retiree health care authority and industry average	2%	1.6%	+/-2%	+/-2%	+/-2%
Efficiency	Percent change in medical premium to participants	7.8%	8%	8%	8%	9%
Efficiency	Average number of days to resolve customer service claims related to inquiries and appeals	7	7	7	7	7
Efficiency	Percent of medical plan premium subsidy	55%	56.1%	45%	45%	50%
Explanatory	Number of retiree healthcare participants	36,222	38,991	40,750	43,800	43,800

PROGRAM SUPPORT

The purpose of program support is to provide administrative support for the healthcare benefits administration program to assist the agency in delivering its services to its constituents.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	2,470.2	2,839.8	2,839.8	2,839.8	0.0
SOURCES TOTAL	2,470.2	2,839.8	2,839.8	2,839.8	0.0
USES					
Personal Services and Employee Benefits	1,272.0	1,480.9	1,634.2	1,634.2	10.4
Contractual Services	563.7	501.5	555.6	555.6	10.8
Other	634.5	857.4	650.0	650.0	-24.2
TOTAL USES	2,470.2	2,839.8	2,839.8	2,839.8	0.0
FTE					
Permanent	24.0	24.0	24.0	24.0	0.0
TOTAL FTE POSITIONS	24.0	24.0	24.0	24.0	0.0

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
Outcome	Number of prior-year audit findings that recur	1	0	1	0	0
Efficiency	Percent of employee files that contain performance appraisal development plans completed by employees anniversary date	100%	100%	100%	100%	100%
Efficiency	Satisfaction rating of administrative services provided to all programs	83%	86%	80%	80%	80%

SENIOR PRESCRIPTION DRUG

The purpose of the senior prescription drug program is to administer the senior prescription drug program aimed at reducing prescription drug expenditures for those covered participants.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	8.9	8.9	10.0	10.0	12.4
SOURCES TOTAL	8.9	8.9	10.0	10.0	12.4
USES					
Other	0.0	8.9	10.0	10.0	12.4
TOTAL USES	0.0	8.9	10.0	10.0	12.4
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
Output	Number of senior prescription drug program participants	5,052	6,642	5,500	6,600	6,600

STATUTORY AUTHORITY:

Pursuant to Sections 9-17-1 through 9-17-7 NMSA 1978, the General Services Department (GSD) provides consolidated services to state agencies.

MISSION:

The mission of the General Services Department is to provide quality services to state agencies and local public bodies in a cost-efficient manner. These services include purchasing, printing, risk management, health benefits, property control, building maintenance, and transportation.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent Incr (Decr)
2006-2007	2007-2008	Agency Request	LFC Recommendation		
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	13,625.9	16,776.9	22,122.0	16,871.0	0.6
Other Revenues	335,224.0	451,665.1	520,959.6	507,981.3	12.5
Fund Balance	0.0	3,369.8	0.0	0.0	-100.0
SOURCES TOTAL	348,849.9	471,811.8	543,081.6	524,852.3	11.2
USES					
Personal Services and Employee Benefits	15,800.1	18,831.7	25,036.4	19,291.0	2.4
Contractual Services	34,718.7	52,612.2	65,530.5	61,797.6	17.5
Other	291,305.5	394,675.9	445,825.4	437,074.4	10.7
Other Financing Uses	6,577.6	5,692.0	6,689.3	6,689.3	17.5
TOTAL USES	348,401.9	471,811.8	543,081.6	524,852.3	11.2
FTE					
Permanent	338.0	358.0	436.0	360.0	0.6
TOTAL FTE POSITIONS	338.0	358.0	436.0	360.0	0.6

BUDGET ISSUES:

GSD's FY09 base appropriation request was \$59.3 million higher than the FY08 operating budget. The request included \$11.9 million in new expansion initiatives and 80 expansion FTE. Of the \$11.9 million in expansion requests, \$3.2 million was from the general fund. The majority of the increase came in the health benefits category, \$33.6 million, and the remaining risk categories, \$19.5 million.

The Information Technology and Communications divisions, formerly housed at GSD, have been transferred along with more than 200 FTE to the new Department of Information Technology (DoIT).

Several of GSD's proposed FY09 expansion requests, such as the creation of an e-procurement system, do not seem to have been thoroughly planned. In the case of the proposed e-procurement system, it is unclear whether GSD adequately consulted with the Department of Finance and Administration (DFA) or DoIT to ensure that the functionality desired by GSD could not be provided through the statewide human resource accounting and management reporting system (SHARE) system. GSD also notes the e-procurement system is proposed as an "interim" fix until it can determine if a PeopleSoft system fits the agency's needs. It is unclear why the state should spend \$1 million on software and another \$1 million to add 15 new FTE to GSD's payroll for a system the agency acknowledges may not be used for longer than one year. It would be better for GSD to work with DFA and DoIT to ensure its needs are part of a long-term planning process. Additionally, GSD's request for a 15 FTE Technical Services Bureau is difficult to square with the agency losing responsibility for statewide IT services to DoIT along with 200-plus FTE. The agency needs a capable IT function but the justification for 15 FTE is lacking.

One of the most urgent issues facing GSD is the agency's high vacancy rate. In September 2007, GSD had 93 vacant positions, or fully 26 percent of its authorized FTE. While many of the vacancies are in traditionally difficult to fill janitorial and cleaner positions in the Building Services Division, the agency vacancy rate is still far too high and continues a trend. Seemingly at odds with this trend, the agency's FY09 request included 80 expansion FTE. Approving significant new FTE for the agency will simply compound an already unacceptable situation and the agency is strongly encouraged to undertake a top-to-bottom review of its staffing structure and needs. GSD should reclassifying vacant positions to meet new needs that arise as the agency repositions for its new mission.

GSD received significant support from the Legislature in 2007, with expansion approved across virtually the entire agency. The agency would have been better served to have used its FY09 request to fully incorporate growth from FY08, address the areas of concern noted below, and solidify its post-DolT mission prior to requesting further, extensive growth.

In October 2007, GSD finally submitted its 2005 audit. The 2006 audit was still outstanding, and a year delinquent, as of November 2007. Among the major findings of the 2005 independent audit are the following: GSD does not have accurate accounting or appropriate controls over the reporting of revenues and the accumulation of accounts receivable for its business-type activities and enterprise funds. Sufficient evidence supporting the receivable balances and related revenues were not available to the auditor. GSD has not adopted a methodology for reviewing the collectibility of the accounts receivable in the business-type activities and the enterprise funds. GSD does not have an accurate accounting or appropriate controls over the accrual of liabilities and expenses. The department overstated fund balance reserved for encumbrances and budgetary basis expenditures and understated liabilities and unrestricted fund balance in the capital building repair fund, among others, as a result of not complying with the General Appropriation Act of 2004 requirement that all encumbrances related to single-year appropriations expire at the end of the fiscal year.

These are serious findings. In addition to producing the 2006 audit, it should be among the department's highest priorities to address them. Unfortunately, they mirror concerns raised by LFC and others over the course of several years. These conditions existed prior to the current management of the agency taking office and current management is attempting to address these issues; however, before undertaking new initiatives as proposed in its FY09 request, the agency should prioritize resolving the audit findings during FY08 to give the Legislature confidence that the core functions and responsibilities of the agency are being met.

In 2006, the state invested significant resources in the Save Smart program to reform the state's procurement processes. In total, New Mexico paid a contractor \$8 million to achieve \$16 million in savings and transfer the system to the state to run. In 2007, LFC expressed concern about whether GSD would be able to sustain the systems and savings. The FY09 budget requested a \$2 million request to implement an e-procurement system, included funding for computer software and licensing and maintenance support, as well as 15 FTE to run a strategic sourcing program. It is unclear how the e-procurement system and strategic sourcing program complement or differ from Save Smart and what, in the end, the state received for its \$8 million investment in Save Smart. If GSD has not been able to sustain Save Smart and its purported savings and provide a new way of meeting the agency's statutory responsibilities under the Procurement Code, it would behoove the state to be cautious before investing in another system.

The state also invested significant resources to purchase a new jet aircraft. With that purchase, the number of available aircraft in the state's fleet declined from five to three. For FY09, GSD proposed purchasing a new, or newly used, aircraft to replace the state's third plane which is no longer airworthy. LFC reported in August 2007 that in FY05 the number of hours flown on state aircraft declined by 39 percent and in FY06 by 24 percent. While the agency has felt pressure to maintain a level usage of the planes while being encouraged to rely on full enterprise funding without a subsidy from the general fund, it is unclear that the lack of a third aircraft or higher fees alone have caused the decline in aircraft usage. The agency is encouraged to bring forward a comprehensive study of aircraft usage and a plan to ensure that a viable service is available to state agencies before additional expenditures on more aircraft are made.

Executive agencies continue to by-pass GSD to procure vehicles, often using year-end money. This undermines the central fleet concept and does not allow GSD the opportunity to determine the validity of the requests. All such requests should be forwarded by DFA to GSD for review and approval.

GSD has made progress in one area of significant concern: the level of fund balances for the state's risk funds. Since 2006 when an LFC performance evaluation found that all of the major risk reserve funds had dipped below acceptable levels, the public property fund has stabilized and the largest fund, public liability, is at 37 percent. However, with the exception of the public property reserve, all GSD funds are still below the 50 percent actuarial position recommended by the state's Risk Management Advisory Board (RMAB). The worker's compensation fund, in particular, stood at a troubling 7 percent reserve position at the end of FY07. GSD management has been proactive in addressing low reserve balances and is encouraged to achieve a 50 percent position for all funds by the end of FY09 in accordance with the RMAB recommendation.

GSD's FY09 request includes a 7.9 percent increase in health benefits premiums for employees and employers, generally within medical trend. The difference in the increase of 7.9 percent and the overall increase to the health benefits category, 9.4 percent, is the result of projection of growth in membership that could result in additional claims payouts, among other factors. As noted above, the proposed increase in health benefits, \$33.6 million, accounts for the majority of the overall proposed increase in GSD's FY09 budget.

GSD's FY08 first quarter performance report showed an improvement in the collection of outstanding receivables. For the first quarter FY08, GSD collected \$21.8 million on \$21.2 million of billings. The amount collected included payment of some prior-year assessments. As noted above in the discussion of the agency's FY05 audit, the issue of GSD's accounts receivable is very serious, and sustained improvement in this area is expected.

GSD senior management also undertook, in collaboration with LFC, a comprehensive review of the agency's performance measures and quarterly reporting. The result is more relevant measures for FY09, particularly in the risk management area, and the first quarter FY08 report by the agency showed significant improvement. Also, the department has submitted a strategic plan along with its FY08 and FY09 budget requests, a marked improvement over prior years.

From 2002 through 2007, the GSD Property Control Division (PCD) received appropriations for 219 projects totaling \$228.3 million. The total unspent balance on those projects is \$59.6 million with another \$71.5 million originally appropriated to the DFA Local Government Division expected to be transferred to GSD. PCD received an additional 2 FTE during the 2007 legislative session, and this is an area where significant progress in moving capital projects to completion is expected.

The LFC recommendation funds all vacant nonjanitorial and cleaning positions at minimum. The recommendation also adjusts for a modest 6 percent vacancy rate across the agency. Section 15-9-4 NMSA 1978 requires the Aviation Services Division to pay for all costs of operating planes through fees charged to user agencies. Consistent with this statute, the committee recommendation does not include general fund support for this division. Because the recommendation does not fund the 22 expansion FTE requested for the Risk Management Division, revenues and expenditures are reduced by \$1.3 million.

BASE EXPANSION:

GSD included 5 FTE for the newly created Technology Systems and Services Bureau in their base. These positions are properly categorized as expansion. Because GSD lost most of its IT staff to the new DoIT, the recommendation includes 2 expansion FTE. GSD also included 2 expansion FTE in the base for State Printing Services. The recommendation removes them from the base and does not fund them.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
*	Technical systems and support bureau (5 FTE)	(PRG SUPPORT)	0.0	128.6
*	State printing services expansion (2 FTE)	(IT)	0.0	0.0
1	ASD edit error unit (3 FTE)	(PRG SUPPORT)	156.7	0.0
1	BSD (1 FTE)	(SPACE MGMT)	86.7	0.0
1	E-Procurement	(PROCUREMENT)	500.0	0.0
1	Finance actuarial staff (1 FTE)	(RISK MGMT)	74.8	0.0
1	Motor pool (2 FTE)	(TRANS)	207.6	0.0
1	Property control (3 FTE)	(SPACE MGMT)	183.8	0.0
1	State printing (3 FTE)	(IT)	154.1	0.0
2	Additional security	(SPACE MGMT)	115.3	0.0
2	ASD budget analyst (1 FTE)	(PRG SUPPORT)	52.3	0.0
2	Aviation pilots (2 FTE)	(TRANS)	160.4	0.0
2	Customer service (3 FTE)	(RISK MGMT)	181.1	0.0
2	Office space leasing	(SPACE MGMT)	750.0	0.0
2	Strategic sourcing (15 FTE)	(PROCUREMENT)	1,530.5	0.0
3	ASD human resources (1 FTE)	(PRG SUPPORT)	52.3	0.0
3	Aviation newer turbo propeller aircraft	(TRANS)	2,500.0	0.0
3	Health benefits (12 FTE)	(RISK MGMT)	760.8	0.0
4	Rail runner shuttles (5 FTE)	(TRANS)	807.7	0.0
4	Technical systems & supp bureau (9 FTE)	(PRG SUPPORT)	1,327.3	0.0
4	Workers comp (2 FTE)	(RISK MGMT)	91.1	0.0
5	Incremental cost funding altern (3 FTE)	(TRANS)	2,025.4	0.0
5	Loss control staffing (3 FTE)	(RISK MGMT)	177.2	0.0
6	Property and casualty (1 FTE)	(RISK MGMT)	46.6	0.0
TOTAL			11,941.7	128.6

* The Department included these items in the base request. The LFC considers the items to be expansion and has extracted it from the base.

PROGRAM SUPPORT

The purpose of program support is to manage the program performance process to demonstrate success.

BUDGET SUMMARY
(dollars in thousands)

	FY07		FY08		FY09 - 2008-2009		Percent Incr (Decr)
	2006-2007 Actuals		2007-2008 Budgeted		Agency Request	LFC Recommendation	
SOURCES							
Other Revenues	3,727.7		1,988.3		6,368.2	3,939.5	98.1
Fund Balance	0.0		1,174.1		0.0	0.0	-100.0
SOURCES TOTAL	3,727.7		3,162.4		6,368.2	3,939.5	24.6
USES							
Personal Services and Employee Benefits	2,763.4		2,573.5		4,565.7	3,064.5	19.1
Contractual Services	43.2		197.6		692.1	336.1	70.1
Other	717.7		233.2		1,109.4	537.9	130.7
Other Financing Uses	44.3		158.1		1.0	1.0	-99.4
TOTAL USES	3,568.6		3,162.4		6,368.2	3,939.5	24.6
FTE							
Permanent	47.0		38.0		57.0	40.0	5.3
TOTAL FTE POSITIONS	47.0		38.0		57.0	40.0	5.3

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Quality	Percent of external customers satisfied with billing services			85%	85%	85%
Quality	Average time to respond to legislative requests for information					
Quality	Percent of internal customers satisfied with administrative service's division services		58.4%	85%	90%	90%
* Quality	Percent of prior-year audit findings resolved		25%	95%	95%	95%
Quality	Percent of customers satisfied with internal information technology services			85%	85%	85%
* Efficiency	Average number of working days to process purchase orders and invoices				4 and 8	4 and 8
Outcome	Percent of audit corrective action plan commitments completed on schedule			85%		
Output	Percent of accounts receivable dollars collected within sixty days of the invoice due date			95%		
Explanatory	Dollar value of aged accounts receivable (30, 60, 90 days)		\$20,344.20			
Efficiency	Percent of employee files that contain current performance appraisal development plans completed by the department's established focal period					

PROCUREMENT SERVICES

The purpose of the procurement services program is to provide a procurement process for tangible property for government entities to ensure compliance with the Procurement Code so that agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 - 2008-2009</u>					<u>Percent Incr (Decr)</u>
	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	1,268.7	1,625.2	3,714.8	1,483.6	-8.7	
Other Revenues	457.2	310.3	458.7	458.7	47.8	
Fund Balance	0.0	195.7	0.0	0.0	-100.0	
SOURCES TOTAL	1,725.9	2,131.2	4,173.5	1,942.3	-8.9	
USES						
Personal Services and Employee Benefits	840.7	1,616.2	2,850.6	1,570.2	-2.8	
Contractual Services	18.5	34.3	71.0	0.0	-100.0	
Other	181.8	292.2	1,165.4	285.6	-2.3	
Other Financing Uses	62.0	188.5	86.5	86.5	-54.1	
TOTAL USES	1,103.0	2,131.2	4,173.5	1,942.3	-8.9	
FTE						
Permanent	21.0	26.0	41.0	26.0	0.0	
TOTAL FTE POSITIONS	21.0	26.0	41.0	26.0	0.0	

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
*	Outcome	Percent of all price agreement renewals considered for "best value" strategic sourcing option			5%	5%
	Outcome	Number of small business clients assisted		50	75	75
	Output	Number of government employees trained on Procurement Code compliance and methods		810	500	500
*	Quality	Percent of customers satisfied with procurement services		58.8%	69%	80%
	Output	Percent increase in small business clients	0%	0%	10%	
	Output	Total annual audited savings from the save smart New Mexico program in thousands	\$24,117.1	\$36,991.0	\$42,000.0	
	Efficiency	Average cycle-completion times for construction projects, in days		103.3		
	Efficiency	Average cycle-completion times for small purchases, in days				
	Efficiency	Average cycle-completion times for tangible products and services, in days				
	Efficiency	Average cycle-completion times for information technology projects, in days				

STATE PRINTING SERVICES

The purpose of the state printing services program is to provide quality information processing services that are both timely and cost-effective so agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	2,647.0	2,636.6	3,342.1	2,640.8	0.2
SOURCES TOTAL	2,647.0	2,636.6	3,342.1	2,640.8	0.2
USES					
Personal Services and Employee Benefits	1,289.8	1,235.9	1,620.7	1,247.3	0.9
Contractual Services	0.0	13.0	13.0	13.0	0.0
Other	111.4	1,312.2	1,645.9	1,318.0	0.4
Other Financing Uses	0.0	75.5	62.5	62.5	-17.2
TOTAL USES	1,401.2	2,636.6	3,342.1	2,640.8	0.2
FTE					
Permanent	26.0	26.0	31.0	26.0	0.0
TOTAL FTE POSITIONS	26.0	26.0	31.0	26.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Efficiency	Percentage of printing operations that break even, including sixty days of operating reserve	85%	71.5%	95%	95%	95%
Outcome	Sales growth in state printing revenue compared with previous fiscal year			40%	25%	25%
Output	Revenue generated per employee compared with previous fiscal year			\$101,000	\$128,000	\$128,000
Outcome	Compliance with federal cost reimbursement rules		100%			
Quality	Customer satisfaction with printing and graphics services	87%				

RISK MANAGEMENT

The purpose of the risk management program is to protect the state's assets against property, public liability and workers' compensation, state unemployment compensation, local public bodies unemployment compensation and surety bond losses so that agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	75,830.8	90,228.8	111,913.5	107,963.0	19.7
Fund Balance	0.0	500.0	0.0	0.0	-100.0
SOURCES TOTAL	75,830.8	90,728.8	111,913.5	107,963.0	19.0
USES					
Personal Services and Employee Benefits	3,500.4	3,785.0	4,518.1	3,620.4	-4.3
Contractual Services	16,769.9	32,288.6	40,862.7	38,422.7	19.0
Other	33,694.5	50,932.9	61,687.4	61,074.6	19.9
Other Financing Uses	5,415.2	3,722.3	4,845.3	4,845.3	30.2
TOTAL USES	59,380.0	90,728.8	111,913.5	107,963.0	19.0
FTE					
Permanent	58.0	58.0	80.0	58.0	0.0
TOTAL FTE POSITIONS	58.0	58.0	80.0	58.0	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent of total liability claims resolved without litigation		90%	75%	85%	85%
Outcome	Number of state workers' compensation claimants on modified duty (early return to work)			550	600	600
* Output	Percent of total risk management division accounts receivable dollars uncollected one hundred twenty days after invoice due date			20%	10%	10%
* Explanatory	Projected financial position of the public property fund	401%	283%	400%	300%	50%
* Explanatory	Projected financial position of workers compensation fund	7%	8%	35%	50%	50%
* Explanatory	Projected financial position of state and local unemployment funds	79%	19.9%	25%	30%	50%
* Explanatory	Projected financial position of the public liability fund	37%	40%	45%	50%	50%
Outcome	Percent decrease of state government workers' compensation claims	16%	20%			
Output	Number of new liability claims					
Output	Dollar value of new liability claims					
Output	Number of risk prevention programs offered in high-claim agencies to prevent future claims		8			
Quality	Percent of public property clients rating the risk management program's claims processing services as satisfactory or better		82%			
Explanatory	Number of property and casualty claims by type					
Explanatory	Cost of property and casualty claims by type		\$9,691.6			

EMPLOYEE GROUP HEALTH BENEFITS

The purpose of the employee group health benefits program is to effectively administer comprehensive health-benefit plans to state and local government employees.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	243,678.4	347,738.9	381,388.8	380,553.2	9.4
SOURCES TOTAL	243,678.4	347,738.9	381,388.8	380,553.2	9.4
USES					
Contractual Services	16,704.4	19,600.0	22,356.4	22,356.4	14.1
Other	245,512.2	327,257.0	357,843.6	357,008.0	9.1
Other Financing Uses	881.9	881.9	1,188.8	1,188.8	34.8
TOTAL USES	263,098.5	347,738.9	381,388.8	380,553.2	9.4
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percentage of state group prescriptions filled with generic drugs	65.4%	70%	75%	80%	80%
* Efficiency	Percent change in state employee medical premium compared with the industry average	2%	3%	3%	</=3%	</=3%
Outcome	Number of local public bodies with fewer than 50 employees newly enrolled in state group health plans	3	5	5	10	10
* Explanatory	Percent of eligible state employees purchasing state health insurance		88%	89%	90%	90%
Efficiency	Percent change in dental premium compared with the national average	3%	12%	</=3%	</=3%	</=3%
Output	Percent of state employees earning less than \$25,000 who participate in state employee health plan					
Output	Number of state employees participating in state group health plan	19,500	20,218			
Efficiency	Percent of employees expressing satisfaction with the group health benefits					

BUSINESS OFFICE MAINTENANCE SERVICES

The purpose of the business office space management and maintenance services program is to provide employees and the public with effective property management and maintenance so that agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	11,535.4	14,320.6	17,493.0	15,387.4	7.4
SOURCES TOTAL	11,535.4	14,320.6	17,493.0	15,387.4	7.4
USES					
Personal Services and Employee Benefits	5,632.2	7,442.5	8,538.6	7,731.7	3.9
Contractual Services	471.1	446.0	1,455.7	590.4	32.4
Other	4,812.6	6,094.5	7,336.0	6,902.6	13.3
Other Financing Uses	174.2	337.6	162.7	162.7	-51.8
TOTAL USES	11,090.1	14,320.6	17,493.0	15,387.4	7.4
FTE					
Permanent	152.0	173.0	177.0	173.0	0.0
TOTAL FTE POSITIONS	152.0	173.0	177.0	173.0	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Quality	Percent of customers satisfied with custodial and maintenance services		90%	90%	92%	92%
* Outcome	Annual percent reduction of greenhouse gas emissions for state-owned buildings served by Building Services Division			3%	3%	3%
* Outcome	Percent of electricity purchased by state agencies from renewable energy sources		10%	90%	90%	90%
* Output	Percent of major facility equipment replaced in Santa Fe buildings that reached expected life			80%	85%	85%
Quality	Percent of building services division employees satisfied with administrative support, management direction and employee training			85%	87%	87%
Efficiency	Percent of operating costs for Santa Fe state-owned buildings below industry standard			</=5%	</=5%	</=5%
Efficiency	Operating costs per square foot in Santa Fe for state-owned buildings	\$6.84	\$7.22	\$7.52		

TRANSPORTATION SERVICES

The purpose of the transportation services program is to provide centralized and effective administration of the state's motor pool and aircraft transportation services so that agencies can perform their missions in an efficient and responsive manner.

BUDGET SUMMARY
(dollars in thousands)

	FY09 - 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	821.8	831.1	914.2	0.0	-100.0
Other Revenues	8,882.9	8,762.2	17,488.3	12,426.1	41.8
Fund Balance	0.0	1,500.0	0.0	0.0	-100.0
SOURCES TOTAL	9,704.7	11,093.3	18,402.5	12,426.1	12.0
USES					
Personal Services and Employee Benefits	1,773.6	2,178.6	2,942.7	2,056.9	-5.6
Contractual Services	711.6	32.7	79.6	79.0	141.6
Other	6,275.3	8,553.9	15,037.7	9,947.7	16.3
Other Financing Uses	0.0	328.1	342.5	342.5	4.4
TOTAL USES	8,760.5	11,093.3	18,402.5	12,426.1	12.0
FTE					
Permanent	34.0	37.0	50.0	37.0	0.0
TOTAL FTE POSITIONS	34.0	37.0	50.0	37.0	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent of reduction of greenhouse gas emissions from transportation service division passenger vehicles				10%	10%
* Output	Percent of cars and other light-duty vehicles purchased by state agencies that exceed existing federal fuel efficiency standards for passenger vehicles		94.5%	94.5%	94.5%	94.5%
Output	Percent of total transportation fuels used by state agencies produced from renewable sources				10%	10%
Output	Percent of total transportation services division accounts receivable dollars uncollected one hundred twenty days after invoice due date		41.4%	20%	20%	10%
* Explanatory	Percent of state vehicle fleet beyond five-year/sixty thousand miles standard				50%	50%
Efficiency	Percent of passenger vehicle lease revenues to expenses	100%	100%	100%	100%	100%
* Efficiency	Percent of total available aircraft fleet hours utilized	75%	75%	85%	90%	90%
Efficiency	Percent of individual vehicle lease services that break even, including sixty days of operating reserve	100%	100%	100%	100%	100%
* Explanatory	Percent of short-term vehicle utilization	69%	67%	80%	80%	90%
Quality	Percent of customers satisfied with vehicle lease services					
Efficiency	Percent of long-term auto lease rates that are five percent lower than the average of the three lowest competitors	100%				
Efficiency	Percent of short-term auto lease rates that are five percent lower than the average of the three lowest competitors	100%				

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Efficiency	Percent of aviation rates that are five percent lower than the average of the three lowest competitors					
Efficiency	Percent of individual aircraft services that break even, including sixty days of operating reserve					
Efficiency	Percent of aircraft expenditures paid by enterprise revenues					
Efficiency	Comparison of lease rates to other public vehicle fleet lease rates	127%				

PROPERTY MANAGEMENT SERVICES

The purpose of the of the property management services program is to provide effective asset management services for state-owned facilities and administer lease acquisitions.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Number of funded projects greater than five hundred thousand dollars not complete			Est base		
Output	Percent of fully funded projects under five hundred thousand dollars in warranty within 18 months of budget approval			85%	85%	85%
Quality	Percent of customers satisfied with property control services		95.7%	95%	95%	95%
* Explanatory	Percent of state-controlled space occupied	89.2%	89.6%	90%	90%	90%
* Efficiency	Percent of property control capital projects on schedule within approved budget	94.5%	90%	90%	90%	90%
Outcome	Average number of days to process lease requests					
* Explanatory	Unspent dollars for projects greater than one million dollars			Est. base		

STATUTORY AUTHORITY:

The Educational Retirement Board (ERB) is responsible for administration of the Educational Retirement Act, Sections 22-11-1 through 22-11-52 NMSA 1978. The board manages the retirement program for employees of public schools, public institutions of higher learning, and selected state agencies. The agency is governed by a seven-member board composed of the superintendent of public instruction and state treasurer (both ex officio), one member elected by the New Mexico members of the American Association of Educational Retirees, one member elected by the members of the National Education Association New Mexico, one member elected by the New Mexico members of the American Association of University Professors, and two members appointed by the governor.

MISSION:

The agency's mission is to provide high-quality services and secure retirement benefits to current and future retirees through pension administration functions and management of the fund's assets.

BUDGET SUMMARY (dollars in thousands)					
FY09 – 2008-2009					
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	25,779.9	30,051.2	32,569.3	32,330.8	7.6
SOURCES TOTAL	25,779.9	30,051.2	32,569.3	32,330.8	7.6
USES					
Personal Services and Employee Benefits	3,439.7	3,787.1	4,147.6	3,929.0	3.7
Contractual Services	21,526.5	25,485.7	27,596.8	27,581.8	8.2
Other	813.7	778.4	824.9	820.0	5.3
TOTAL USES	25,779.9	30,051.2	32,569.3	32,330.8	7.6
FTE					
Permanent	50.0	53.0	56.0	55.0	3.8
Term	0.0	0.0	2.0	2.0	***
TOTAL FTE POSITIONS	50.0	53.0	58.0	57.0	7.5

BUDGET ISSUES:

After an unusually large increase of over 25 percent in the operating budget from FY07 to FY08, the agency's FY09 base request increased by 7.5 percent. At \$25.4 million, investment manager fees continue to drive the budget, with a 7.6 percent, or \$1.8 million, projected increase from FY08. ERB cited more assets under management as the leading cause of the manager-fee increase, as well as additional costs related to the rollout into alternative investments allowed under the Uniform Prudent Investor Act of 2005. These increases would be offset to some extent by savings in investment custody fees and the elimination of architecture design fees because the renovation of the Santa Fe office will be complete. Assuming projected returns of 8 percent, the total investment fees relative to the portfolio would remain near 21 basis points, under the related peer average of 24.47 basis points.

The LFC recommendation of \$32.1 million for the base budget incorporates a 4 percent vacancy factor for personal services and benefits. In addition to the investment manager fees, the recommendation supports the increase in legal fees due to expansion of the alternative investments. Also included in this recommendation is the increase of just over \$100 thousand in information technology (IT) maintenance contracts due to ERB's new retirement computer system moving into the post-warranty phase and the need for Oracle database updates. The recommendation assumes investment custody fees and architecture design fees will drop.

In the other category, the base recommendation supports three initiatives as requested by the agency. A 50 percent increase in employee training would be used to cross train employees to alleviate critical area vulnerability and reduce future IT contracts. A 50 percent increase, to \$100 thousand, for IT equipment fully implements ERB's IT replacement plan to rotate its IT platform on a four-year basis through the base budget. An additional \$20 thousand is recommended for due diligence trips to assess alternative investments.

ERB's solvency continues to improve due to contribution increases initiated by Laws 2005, Chapter 273, (Senate Bill 181) and investment returns in excess of the actuarially required 8 percent for the last three years. However, the Government Accounting

Standards Board (GASB) standard for the amortization period of plan liabilities is 30 years, and ERB's funding period is still infinity. Once the contribution increase schedule is completed in FY12, ERB will be able to report solvency measures using the future projections based on the higher rates. If all actuarial assumptions hold, this may bring the funding period within GASB standards by that time. ERB's actuaries recently completed the experience study that tests the actuarial assumptions underlying these solvency projections and found no changes. See Volume I for more information on ERB investment and actuarial positions.

ERB is a defined benefit plan, where a vested retirement benefit becomes a property right. On retirement, the member can determine how the pension benefit will be received according to the four options listed in Section 22-11-29 NMSA 1978. The straight option pays the retired member for his or her lifetime. Payment options B and C reduce the benefit according to the life expectancy of the beneficiary -- who can be a spouse, child, or other beneficiary designated by the employee. Theoretically, the same amount is paid from the plan, although some policymakers question whether conferring defined benefits into the next generation fits today's marketplace.

Phase three of the integrated retirement information system (IRIS) is 89 percent complete, providing additional Internet access to its members. However, IRIS is running the oldest version of its software and cannot be upgraded until phase three is finished and the Oracle update has been installed. In addition, data issues from the legacy system transfer remain to be addressed.

BASE EXPANSION:

ERB requested expansions in two areas, Member Services and the Investment Division. The recommendation fully funds 2 term FTE to cleanse 15,472 records going back to 1958 and monitor incoming data for accuracy. This data-cleansing project will reduce response time to member inquiries by eliminating the manual reconciliations currently required. A permanent retiree payroll position is also recommended. Over a 10-year period the retiree payroll has grown from 18,317 members to over 30,000 with no additional staff to handle the growth. In addition, ERB's campaign to replace manual warrants with automatic deposit, while successful at reducing processing and mailing costs, had the unanticipated result of increasing phone traffic significantly to address banking issues. Another payroll employee will enable ERB to process its monthly payroll on time with minimal disruptions and errors.

The recommendation also includes 1 permanent FTE for an accounting specialist in the Investment Division to bolster monitoring and tracking of alternative investments that carry unique valuation, risk, and reporting challenges. The committee is particularly focused on oversight of the alternative investment program undertaken by the pension fund.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the educational retirement program of the educational retirement board in the contractual services category includes twenty-five million three hundred sixty thousand seven hundred dollars (\$25,360,700) to be used only for investment manager fees.

The other state funds appropriation to the educational retirement program of the educational retirement board in the contractual services category includes four hundred forty-seven thousand one hundred dollars (\$447,100) for payment of custody services associated with the fiscal agent contract upon monthly assessments.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Investment accounting (1 FTE)	(ERB)	60.3	60.3
2	Term - data cleansing (2 FTE)	(ERB)	120.3	120.3
3	Payroll (1 FTE)	(ERB)	39.1	39.1
4	Investment operations	(ERB)	55.2	0.0
TOTAL			274.9	219.7

EDUCATIONAL RETIREMENT

The purpose of the educational retirement program is to provide secure retirement benefits to active and retired members so they can have secure monthly benefits when their careers are finished.

PERFORMANCE MEASURES

		<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY09</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Average rate of return over a cumulative five-year period	5.9%	11.5%	8%	8%	8%
Outcome	Average number of days to process refund requests	12	30	15	15	15
* Outcome	Funding period of unfunded actuarial accrued liability, in years	Infinity	Infinity	<=30	<=30	<=30
Outcome	Percent of member satisfaction with seminars and trainings	95%	98%	95%	95%	95%
Output	Average number of days to respond to request for benefit estimates and purchase of service request	18	24	20	20	20
Output	Percent of retirement applications processed within sixty days	95%	96%	95%	95%	95%
Output	Number of benefit estimates and purchase of service requests computed annually	9,905	3,505	6,250	6,000	6,000
Output	Number of member workshops conducted	32	42	27	27	35
Output	Percent completion of the new pension systems	80%	89%	N/A	N/A	N/A
Quality	Percent of accurately computed retirements	99.6%	99.5%	99.5%	99.5%	99.5%

STATUTORY AUTHORITY:

The New Mexico Sentencing Commission (NMSC) was created in 1994 under Section 9-3-10 NMSA 1978 as the Criminal and Juvenile Justice Coordinating Council. Laws 2003, Chapter 75, changed the agency name to the New Mexico Sentencing Commission. Section 9-3-13 NMSA 1978 created a sex offender management board within the commission. The commission has four committees, plus the Sex Offender Management Board. The committees are Data, Sentencing Reform, Legislative, and Juvenile.

MISSION:

To provide information, analysis, recommendations and assistance from a coordinated cross-agency perspective to the three branches of government and interested citizens so they have the resources they need to make policy decisions that benefit the criminal and juvenile justice systems.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	659.9	819.9	819.9	819.9	0.0
Other Transfers	0.0	0.0	30.0	30.0	***
SOURCES TOTAL	659.9	819.9	849.9	849.9	3.7
USES					
Contractual Services	653.9	813.9	841.4	841.4	3.4
Other	6.0	6.0	8.5	8.5	41.7
TOTAL USES	659.9	819.9	849.9	849.9	3.7
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

BUDGET ISSUES:

NMSC requested \$819.9 thousand from the general fund and \$30 thousand in other transfers for FY09. In the 2007 legislative session, the County Detention Facility Reimbursement Act (Laws 2007, Chapter 333) passed establishing the county detention facility reimbursement fund. The Department of Finance and Administration (DFA) received a \$5 million general fund appropriation to implement the new act. DFA's Local Government Division is to administer the fund, and money in the fund is to be appropriated to the counties based on a funding distribution formula developed by NMSC. The act states the State Treasurer is to distribute \$30 thousand from the county detention facility reimbursement fund to NMSC to fund the annual calculation of the felony offender incarceration percentage and the distribution amount for each eligible county. In FY08, NMSC will submit a budget adjustment request to transfer the \$30 thousand. For FY09, the LFC recommendation includes the expected distribution from the State Treasurer.

In June 2007, NMSC completed a workload study to determine the judge, attorney and staffing needs of the courts, Public Defenders Department (PDD), and district attorneys. Based on FTE in the FY08 operating budgets and refreshed data from NMSC, the workload assessment recommends 31 additional judgeships for the trial court judiciary, 24 additional attorneys and five additional investigators for the district attorneys, and 48 attorneys and 51 support staff for the PDD. The workload study has weaknesses in regards to caseloads. The study looks only at FTE with caseloads. The PDD reports that it has attorneys who serve as managers with no caseloads; however, the district attorneys serve as managers and carry a caseload. The study does not factor for the difference in classification of attorneys regarding caseloads.

All four bills sponsored by NMSC in the 2007 legislation were enacted by the Legislature. The bills became Laws 2007, Chapter 37, regarding the uniform crime reporting system; Laws 2007, Chapter 333, regarding county detention facility reimbursement act; Laws 2007, Chapter 9, regarding the addition of the secretary of Public Education Department to NMSC; and Laws 2007, Chapter 123, regarding the addition of the secretaries of Public Education Department and Indian Affairs to the Sex Offender Management Board.

NEW MEXICO SENTENCING COMMISSION

The purpose of the New Mexico sentencing commission is to provide information, analysis, recommendations and assistance from a coordinated cross-agency perspective to the public and to the three branches of government so policy makers have the resources they need to make decisions that benefit the criminal and juvenile justice systems.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Number of uses of offender query by justice personnel per month	NA	NA	New	100,000	100,000
Output	Percent of criminal and juvenile justice bills analyzed for a legislative session	100%	100%	100%	100%	100%
Output	Number of research projects completed	14	13	11	11	13

STATUTORY AUTHORITY:

The Public Defender Department (PDD) was established under Sections 31-15-1 through 31-15-12 NMSA 1978 to provide legal representation or payment to private counsel for defendants financially unable to obtain counsel and charged in any court with a crime that carries a possible sentence of imprisonment or death. The department also sets standards of indigence that the courts use in determining which defendants are eligible for state-funded defenses.

MISSION:

The Public Defender Department mission is to provide all clients with high-quality legal representation that protects their liberty and constitutional rights. As New Mexico's indigent criminal defense advocate, the Public Defender Department is an equal participant in the development of a responsive and fair criminal justice process.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	36,789.8	41,028.6	46,509.0	42,679.9	4.0
Other Transfers	169.3	0.0	0.0	0.0	***
Other Revenues	184.0	150.0	184.0	184.0	22.7
Fund Balance	102.3	0.0	0.0	0.0	***
SOURCES TOTAL	37,245.4	41,178.6	46,693.0	42,863.9	4.1
USES					
Personal Services and Employee Benefits	21,286.0	23,972.0	27,140.9	25,589.1	6.7
Contractual Services	9,725.7	11,234.0	12,900.0	11,410.2	1.6
Other	5,952.0	5,972.6	6,652.1	6,164.6	3.2
TOTAL USES	36,963.7	41,178.6	46,693.0	43,163.9	4.8
FTE					
Permanent	362.0	379.0	459.0	394.0	4.0
TOTAL FTE POSITIONS	362.0	379.0	459.0	394.0	4.0

BUDGET ISSUES:

The Public Defender Department (PDD) requested a general fund increase of \$5.5 million, or 13.4 percent over the FY08 operating level. The base request is relatively flat in contractual services with personal services and employee benefits up 4.6 percent. The agency requested \$4.1 million for its two expansion requests.

The LFC FY08 recommendation is developed from an FY08 operating level that includes \$408.5 thousand and 5 FTE related to an increase in the number of judges authorized in, Laws 2007, Chapter 140. The committee recommends a 6.7 percent increase to personal services and employee benefits to fund expansion FTE and applies a 4 percent vacancy rate, compared to a five-year historical vacancy rate of 14.1 percent.

The New Mexico Sentencing Commission presented its first report to LFC regarding its workload assessment for the courts, district attorneys, and PDD. LFC recognizes this framework for prioritizing staffing needs. In the past, staff was added to PDD but without supporting analysis. The first report from the five-year workload study raises questions regarding methodology and data that can be addressed in the coming years.

Specifically, the workload study assumes that human resources are being used effectively and efficiently. NMSC should also analyze whether or not best practices are being implemented by the PDD and district attorney offices and determine if adjustments could be made to help current FTE work more efficiently. Implementation of best practices potentially influences time spent on cases, but because the workload study did not include this factor in its methodology, the case weights, developed by participants, may not be accurate or reflect efficient use of time. NMSC recognizes that an efficiency component needs to be explored. For example, better coordination among the judiciary, public defender department, and district attorney offices when scheduling dockets would likely address some staffing needs.

Also, the PDD FY08 budget includes \$11 million to cover the costs of contract attorneys it uses to handle cases in areas of the state where the PDD does not have an office, or it has a conflict of interest. It should be noted that contract attorney hours were not included in the NMSC study. Exclusion of contract attorneys contribution to the PDD workload could overstate staffing needs. PDD should include in its scope of work for contract attorneys a clause requiring their participation in the workload study.

The department utilizes contract attorneys in McKinley County, which accounted for \$885 thousand of its FY08 contractual services budget. The committee recommends reprioritization in McKinley County and moves \$300 thousand from contractual services to personal services and employee benefits so that the agency can hire a permanent staff to provide legal services in McKinley County. LFC expects a public agency located in McKinley County to provide office space for this FTE.

The Public Service Law Loan Repayment Program (LRAP), enacted during the 2006 legislative session, is an opportunity for individuals to repay legal educational loans by providing service through state or local government or in the nonprofit sector to low income or underserved residents. Of the 28 LRAP participants, seven are employed by the Public Defender Department (PDD).

BASE EXPANSION:

The department requests \$2.6 million for 54 FTE related to needs identified in the workload study and authorization for 80 FTE. After review of NMSC’s refreshed data and subtracted available attorney FTE stated by PDD, it was determined by LFC staff that 36 additional attorneys and 36 additional support staff are needed. In light of the high current vacancy rate and other concerns noted above, the committee recommends \$799.7 thousand for 15 FTE and related costs. The expansion FTE coupled with the 34 vacant FTE reported in the agency’s FY09 budget request will give the agency the opportunity to fill nearly 50 positions.

RECOMMENDED LANGUAGE:

The general fund appropriation to the criminal legal services program of the public defender department in the personal services and employee benefits category includes seventy-four thousand dollars (\$74,000) and two permanent full-time-equivalent positions for the mental health court program at Bernalillo county metropolitan court.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Implement workload study recommendation FTE	(PUB DEF)	2,611.5	1,099.7
2	Contract attorney fee increase	(PUB DEF)	1,500.0	300.0
TOTAL			4,111.5	1,399.7

PUBLIC DEFENDER DEPARTMENT

The purpose of the criminal legal services program is to provide effective legal representation and advocacy for eligible clients so that their liberty and constitutional rights are protected and to serve the community as a partner in assuring a fair and efficient criminal justice system that also sustains New Mexico’s statutory and constitutional mandates to adequately fund a statewide indigent defense system.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Number of alternative sentencing treatment placements for felony and juvenile clients		4,778	3,500	4,800	4,800
* Output	Number of expert witness services approved by the department	3,523	3,415	3,500	3,500	3,500
* Quality	Percent of felony cases resulting in a reduction of original formally filed charges		33%	60%	35%	45%
* Efficiency	Percent of cases in which application fees were collected	32%	28%	40%	30%	35%
* Explanatory	Annual attorney full-time-equivalent turnover rate	9.5%	11.6%	9%	9%	9%

STATUTORY AUTHORITY:

The office of Governor is created under Article V, Section 1, of the New Mexico Constitution.

		BUDGET SUMMARY		FY09 – 2008-2009		Percent Incr (Decr)
		(dollars in thousands)		Agency Request	LFC Recommendation	
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted				
SOURCES						
General Fund Transfers	4,688.7	4,613.2	4,786.0	4,786.0	3.7	
SOURCES TOTAL	4,688.7	4,613.2	4,786.0	4,786.0	3.7	
USES						
Personal Services and Employee Benefits	3,639.1	4,038.0	4,210.7	4,210.7	4.3	
Contractual Services	101.9	110.1	110.2	110.2	0.1	
Other	460.1	465.1	465.1	465.1	0.0	
TOTAL USES	4,201.1	4,613.2	4,786.0	4,786.0	3.7	
FTE						
Permanent	45.3	43.3	43.3	43.3	0.0	
TOTAL FTE POSITIONS	45.3	43.3	43.3	43.3	0.0	

BUDGET ISSUES:

Two bills signed into law from the 2007 Legislative Session modified the Office of the Governor's organizational structure, affecting budgets beginning with the FY08 operating budget. The Homeland and Emergency Management Act created a noncabinet department by consolidating personnel from two agencies, including 3 FTE from the Office of Homeland Security that had been attached to the governor's office. The corresponding reduction in the FY08 operating budget for the Office of the Governor is \$363.7 thousand. Laws 2007, Chapter 21, appropriated \$125 thousand to establish an Office of Nuclear Workers Advocacy to act as a liaison for workers seeking help under the federal Energy Employees Occupational Illness Compensation Program Act. Because the language implies a person will perform this function, the request included 1 FTE in the FY09 base budget rather than as an expansion. Subtracting 3 FTE and adding 1 FTE yields a net 43.3 authorized FTE for the agency.

The \$4.8 million FY09 general fund request represents a 3.7 percent increase or \$172.8 thousand over the adjusted FY08 operating budget. Most of the increase occurs in the personal services and employee benefits category, primarily due to a reduction in the vacancy rate from 7 percent to 0 percent for FY09. This change adds \$155.4 thousand in salaries and related employee benefits. General Services Department rates account for the remaining \$17.3 thousand increase for the category. The LFC recommendation continues to fully fund the request.

Vacancies have risen over the years. From an 8 percent four-year average through FY06, the FY07 rate rose to 14 percent and reached 16 percent in August 2007.

According to the governor's office, one policy advisor position that has been vacant since FY06 was moved from the Office of Victims Advocacy to Operations where it belonged. The resulting budget request for the Office of Victims Advocacy of \$193.5 thousand and 2 FTE receives full funding in this recommendation. This program, which began in 2004 to protect crime victims during judicial proceedings, is planning a more aggressive outreach strategy to address the reduction in the number of victims requesting assistance during FY07.

EXECUTIVE MANAGEMENT AND LEADERSHIP

The purpose of the executive management and leadership program is to provide appropriate management and leadership to the citizens of the state and, more specifically, to the executive branch of government to allow for more efficient and effective operation of the agencies within that branch of government.

PERFORMANCE MEASURES

		<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY09</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Output	Number of days to appoint individuals and reappoint individuals to board and commission positions	25	25	25	25	25
Output	Number of days to answer or refer to the proper entity constituent requests for information	4	4	7	4	4
Output	Number of days to respond to requests for pardons	13	7	14	14	14
Output	Number of days to process extraditions	10	11	13	13	13
Outcome	Percent increase in victims receiving direct advocacy	23.5%	-13%	17%	0%	0%
Output	Number of victims receiving direct advocacy	232	202	257	257	257

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico Constitution created the Office of Lieutenant Governor and established the person serving as Lieutenant Governor as president of the New Mexico Senate. Section 8-3-1 NMSA 1978 establishes the Lieutenant Governor as state ombudsman. The Lieutenant Governor serves as a member of the Border Authority, Community Development Council, Workforce Development Board, Rural Development Council, Financial Independence Task Force, Small Business Advocacy Council, and Governor's Finance Committee. The Lieutenant Governor is chair of the Board of Finance, Military Base Planning Commission, and Children's Cabinet.

MISSION:

The mission of the Office of the Lieutenant Governor is to fulfill the constitutional duties of president of the New Mexico Senate, ombudsman, and acting governor in cases when the governor is out of state.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	636.0	828.2	843.4	843.4	1.8
SOURCES TOTAL	636.0	828.2	843.4	843.4	1.8
USES					
Personal Services and Employee Benefits	518.0	665.5	724.3	724.3	8.8
Contractual Services	21.1	106.5	68.1	68.1	-36.1
Other	81.0	56.2	51.0	51.0	-9.3
TOTAL USES	620.1	828.2	843.4	843.4	1.8
FTE					
Permanent	7.0	8.0	8.0	8.0	0.0
TOTAL FTE POSITIONS	7.0	8.0	8.0	8.0	0.0

BUDGET ISSUES:

The majority of the \$15.2 thousand increase in the Office of the Lieutenant Governor FY09 budget request is attributable to positions being filled above the FY08 budgeted salary amount. This results in an 8.8 percent, or \$58.8 thousand, increase in the personal services and employee benefits category while the overall increase is 1.8 percent. The contractual services category is reduced by 36.1 percent, due mainly to lower than expected costs to provide security for the Lieutenant Governor. The Legislature approved 1 additional FTE in the 2007 session.

The LFC recommends the agency request.

In addition to serving as the chair of the Children's Cabinet, Military Base Planning Commission and Mortgage Finance Authority Board, in 2007, the Lieutenant Governor has served as the chair of the Health Coverage for New Mexicans Committee, established by the governor and Legislature to develop recommendations on how to provide universal health coverage for New Mexico. The committee presented its report to the governor and Legislature in August 2007 and legislation based on its recommendations is expected in the 2008 session. Among the recommendations are the creation of a Health Coverage Authority to set standards for minimum benefits, manage and consolidate public sector programs, and set standards for insurance carriers and health maintenance organizations; minimum spending on direct services; mandatory coverage for all New Mexicans.

LIEUTENANT GOVERNOR

The purpose of the state ombudsman program is to facilitate and promote cooperation and understanding between the citizens of New Mexico and the agencies of state government, refer any complaints or special problems citizens may have to the proper entities and keep records of activities and make an annual report to the governor.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of constituent service cases closed within thirty days of initial receipt			80%	80%	80%
Output	Number of children's cabinet meetings	8	8	8	6	6
Output	Number of youth advisory council meetings	4	4	4	4	4
Output	Quarterly tracking reports on constituent services activities.		4	4	4	4
Output	Number of small business forums				4	4
Output	Number of tracking reports produced per month on constituent services activities	1	4	4		

STATUTORY AUTHORITY:

The Department of Information Technology (DoIT) is authorized pursuant to Section 9-27-1 through 19-27-10 NMSA 1978 to create a single, unified executive branch department to streamline and improve information technology systems. DoIT administers all laws and exercises all functions formerly administered by the Office of Chief Information Officer (OCIO) and the Information Technology Commission (ITC) pursuant to the Information Technology Management Act, and the communications division, information systems division, radio communications bureau, and telecommunications bureau of the General Services Department. The new agency is a cabinet-level department and the Department of Administration has approved three divisions: the Program Support Division, Enterprise Services and Enterprise Operations.

The Department of Information Technology Act establishes a rate committee consisting of seven executive agency members, five appointed by the governor and two designated by statute -- the secretary of the Department of Finance Administration, the statutorily designated chair, and the secretary of DoIT. The committee reviews the rate and fee schedule proposed by DoIT and submits a recommendation by July 15 of each year for the following fiscal year budget cycle.

The Information Technology Commission (ITC) consists of 17 voting members and eight nonvoting members. ITC will focus on developing and implementing the state information technology (IT) plan and will review and approve critical IT initiatives and needs for the state, strategies for identifying IT projects that impact multiple agencies, and proposed rules by the secretary.

MISSION:

The mission of the Department of Information Technology is to provide cost-effective and efficient enterprise products, services, and solutions within a secure and reliable environment for its customers.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent
2006-2007	2007-2008	Agency	LFC	Incr	
	Actuals	Budgeted	Request	Recommendation	(Decr)
SOURCES					
General Fund Transfers	1,022.6	1,138.8	1,057.0	942.8	-17.2
Other Transfers	0.0	0.0	0.0	3,548.3	***
Other Revenues	41,675.8	44,353.4	58,061.5	48,297.2	8.9
Fund Balance	0.0	0.0	0.0	690.0	***
SOURCES TOTAL	42,698.4	45,492.2	59,118.5	53,478.3	17.6
USES					
Personal Services and Employee Benefits	15,070.7	15,772.6	17,945.0	16,654.0	5.6
Contractual Services	7,297.9	7,521.3	11,141.3	9,843.8	30.9
Other	21,378.9	20,338.0	25,846.2	23,432.2	15.2
Other Financing Uses	1,312.9	1,860.3	4,186.0	3,548.3	90.7
TOTAL USES	45,060.4	45,492.2	59,118.5	53,478.3	17.6
FTE					
Permanent	100.0	216.0	232.0	216.0	0.0
TOTAL FTE POSITIONS	100.0	216.0	232.0	216.0	0.0

BUDGET ISSUES:

The Department of Information Technology (DoIT) submitted a FY09 budget request that reflects the challenges inherent in a major reorganization. The request included several special fund allocations, altered cost centers, changes in authorized FTE, FY07 actual expenses that bear little resemblance to the current expenditure structure, conflicting revenue projections and fund balances, and an insufficient FY08 budget for comparison purposes. To date, DoIT has used the budget adjustment request process to increase the agency's budget by almost \$5 million of its special funds to meet unbudgeted expenses, primarily for prior-year expenses, such as mainframe upgrades, software licenses, and a 2004 federal claim. See Volume I for additional discussion relating to DoIT in the internal services section.

DoIT provides information technology (IT) and telecommunication services for state agencies, some municipalities, and the courts. The fees DoIT charges for these services -- in addition to the \$100 per FTE assessment for the human capital management program -- provide the primary funding source for the agency. The proposed IT and communication rates were provided to agencies as part of the FY09 appropriation request instruction packet provided by the Department of Finance and Administration (DFA). These fees -- projected from these published rates for the "customer" entities -- total almost \$49 million,

but DoIT's budget request was \$59.1 million. Because DoIT is an enterprise agency, the difference between what the agency collects in fees from other agencies and the FY09 request implies that a rate increase would be necessary. Rather than recommend a budget where expenditures significantly outpace revenues -- and in the absence of a rate increase approved by the IT rate committee -- LFC recommends \$53.5 million, which brings expenditures in line with projected revenues after technical adjustments. The recommendation also makes accounting adjustments.

In addition to the misalignment of revenues to expenditures, the FY09 DoIT budget request contained unauthorized FTE. The agency included 232 FTE in the base request, including 10 governor unauthorized exempt positions totaling \$959.6 thousand in salaries and benefits. Eight of the 10 positions are filled, with salaries ranging from \$79 thousand to \$110.7 thousand. While supplementary managerial and specialty positions (such as a rate specialist) have merit for this new agency and enabling legislation provided for three exempt appointments for each division director, the agency's proposed organizational structure appears "top-heavy" with a total of 13 requested exempt FTE. In addition, the high number of exempt positions raises the possibility of a significant disruption in operations with a change in the executive, when it is possible a new governor would replace all 13 FTE at once. The LFC recommendation maintains the authorized number of FTE at the DFA-approved FY08 level of 216 FTE, which is supported by the current rate structure. Three authorized exempt positions are retained.

The high salaries associated with the proposed exempt positions are of significant concern to LFC because such costs are built into DoIT's rate structure and passed on to agencies as part of their rate assessments. FY09 rates are currently set at the FY08 levels plus an across-the-board 5 percent increase. The new IT Rate Committee requested additional information from DoIT to substantiate any additional increase and will be meeting prior to the 2008 legislative session again to review rates to ensure adequate cost recovery. Adoption of FY09 rates for all internal services will be carefully scrutinized to discern changes in actual production costs from personnel costs. In addition, alternatives to raising rates will be considered, such as appropriating any needed cash infusion for fund solvency over time.

The high vacancy rate of 18 percent is partially due to the inability of the agency to start advertising for positions until July 1, 2007. Of particular concern is the 17 percent vacancy rate for the data center, which the agency claims is caused partly by noncompetitive salaries for IT specialists. However, it also appears that funds are available because vacancies in permanent positions in all divisions may be supporting the unbudgeted expenses related to the unauthorized exempt FTE and unbudgeted overtime. The LFC recommendation fully funds the Enterprise Services request for permanent salaries and benefits to facilitate filling the vacancies in the data center. The recommendation also supports additional funding to create management-level positions for Program Support because such administrative functions did not transfer from GSD.

Recommended increases in the other and contractual services categories were validated as critical to the agency's mission of providing adequate information technology and telecommunication services to state agencies. In particular, investment in equipment to bring the data center up to enterprise-quality is supported as well as maintaining warranties and software upgrades.

Project certification is being performed within DoIT -- a significant change to the role of the Information Technology Commission -- which will focus on strategic planning. LFC is working with DoIT to develop a certification process that ensures accountability and thorough project review. DoIT is also developing a quarterly project report to submit to DFA and LFC and will notify LFC of any "red flagged" projects or certified projects over \$1 million between reports. New performance measures were developed for the agency to help track how the agency meets its statutory mandates and achieves expected improvements in IT and communication service delivery.

ENTERPRISE SERVICES

The purpose of the enterprise services program is to provide information technology and enterprise customer support services and training; to improve and streamline agency systems by promoting consolidation of services duplicated within agencies; and to provide oversight and compliance through project certification and compliance monitoring with the state's information technology strategic plan and the state information architecture plan.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,022.6	0.0	1,057.0	942.8	***
Other Revenues	18,676.2	11,862.4	12,273.0	9,864.2	-16.8
SOURCES TOTAL	19,698.8	11,862.4	13,330.0	10,807.0	-8.9
USES					
Personal Services and Employee Benefits	8,251.9	6,122.3	6,383.5	5,773.8	-5.7
Contractual Services	6,774.0	2,574.5	3,065.7	1,427.3	-44.6
Other	3,775.8	2,846.2	2,092.8	2,084.2	-26.8
Other Financing Uses	558.1	319.4	1,788.0	1,521.7	376.4
TOTAL USES	19,359.8	11,862.4	13,330.0	10,807.0	-8.9
FTE					
Permanent	0.0	79.0	80.0	87.0	10.1
TOTAL FTE POSITIONS	0.0	79.0	80.0	87.0	10.1

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of executive agency certified projects reviewed monthly for compliance and oversight requirements				100%	100%
* Output	Amount of information technology savings, cost avoidance or both realized through enterprise services and promotion of multi-agency initiatives, in millions				\$5.0	\$5.0
Output	Queue-time to reach a customer service representative at the help desk, in seconds				0:20	0:20
Outcome	Number of key information technology project reviews completed	36	36	36		
Quality	Customer satisfaction with human resources system services					
Outcome	Percent of information technology plans with formal feedback	100%	100%	100%		
Outcome	Amount of savings in information technology, in millions	\$5.0	\$5.0	\$5.0		
Outcome	Percent of information technology projects reviewed by staff	100%	100%	100%		
Output	Percent of single and multi-agency information technology projects that get formal architectural review	50%	50%	50%		

ENTERPRISE OPERATIONS

The purpose of the enterprise operations program is to provide reliable and secure infrastructure for voice, radio, video and data communications through the state's enterprise data center and telecommunications network.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	21,636.0	30,415.2	41,659.3	38,433.0	26.4
Fund Balance	0.0	0.0	0.0	690.0	***
SOURCES TOTAL	21,636.0	30,415.2	41,659.3	39,123.0	28.6
USES					
Personal Services and Employee Benefits	5,634.4	7,079.3	8,162.1	7,928.0	12.0
Contractual Services	434.9	4,733.7	7,705.6	8,046.5	70.0
Other	17,399.9	17,122.6	23,393.6	21,121.9	23.4
Other Financing Uses	739.3	1,479.6	2,398.0	2,026.6	37.0
TOTAL USES	24,208.5	30,415.2	41,659.3	39,123.0	28.6
FTE					
Permanent	85.0	85.0	105.0	85.0	0.0
TOTAL FTE POSITIONS	85.0	85.0	105.0	85.0	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	In-service percentage of the state voice communication network				99.9%	100%
* Output	Percent of servers successfully backed up as scheduled				100%	100%
* Outcome	Percent of unscheduled downtime of the mainframe				.01%	.01%
Outcome	Number of state agency sites connected to the state core network	76	257	250		
Outcome	Number of population centers connected to the state network through fiber optic cable	0	4	14		
Outcome	Percent of information processing rates five percent lower than the average of the three lowest competitors	95%	86.3%			
Explanatory	Number of customers with human resources system services	25,075	24,489			
Outcome	Cumulative number of agency applications residing on enterprise servers	150	150	230		
Outcome	Cumulative number of co-located servers replaced by enterprise servers	33	33	68		
Outcome	Terabytes of data stored at enterprise data center compared with terabytes of data stored at agency locations	220/590		790/000		
Quality	Percent of time automated systems are fully operational		99.5%			
Quality	Error rate for e-mail transmissions		0.1%			

PROGRAM SUPPORT

The purpose of the program support program is to provide management and ensure cost recovery and allocation services through leadership, policies, procedures and administrative support for the department.

BUDGET SUMMARY
(dollars in thousands)

			<u>FY09 - 2008-2009</u>		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	1,138.8	0.0	0.0	-100.0
Other Transfers	0.0	0.0	0.0	3,548.3	***
Other Revenues	1,363.6	2,075.8	4,129.2	0.0	-100.0
SOURCES TOTAL	1,363.6	3,214.6	4,129.2	3,548.3	10.4
USES					
Personal Services and Employee Benefits	1,184.4	2,571.0	3,399.4	2,952.2	14.8
Contractual Services	89.0	213.1	370.0	370.0	73.6
Other	203.2	369.2	359.8	226.1	-38.8
Other Financing Uses	15.5	61.3	0.0	0.0	-100.0
TOTAL USES	1,492.1	3,214.6	4,129.2	3,548.3	10.4
FTE					
Permanent	15.0	52.0	47.0	44.0	-15.4
TOTAL FTE POSITIONS	15.0	52.0	47.0	44.0	-15.4

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of audit corrective action plan commitments completed on schedule				95%	95%
* Output	Percent of accounts receivable dollars collected within sixty days of the invoice due date				95%	95%
* Outcome	Dollar amount of account receivables over sixty days				\$500,000	\$500,000
* Outcome	Percent of mainframe services meeting federal standards for cost recovery				95%	95%
* Outcome	Percent of voice, data, radio services meeting federal standards for cost recovery				95%	95%
Efficiency	Percent of individual communication services that break even, including sixty days of operational reserve	73%	100%	91%		
Efficiency	Percent of individual information processing services that break even, including sixty days of operating reserve	83%	78.5%			

STATUTORY AUTHORITY:

The Public Employees Retirement Association (PERA) is responsible for administration of the Public Employees Retirement Act (Sections 10-11-1 through 10-11-141 NMSA 1978). In addition, the PERA Board is responsible for administration of the following: Volunteer Firefighters Retirement Act (Sections 10-11A-1 through 10-11A-7 NMSA 1978), Judicial Retirement Act (Sections 10-12B-1 through 10-12B-19 NMSA 1978), Magistrate Retirement Act (Sections 10-12C-1 through 10-12C-18 NMSA 1978), and Retirement Reciprocity Act (Sections 10-13A-1 through 10-13A-4 NMSA 1978). PERA is governed by a 12-member board composed of the secretary of state, the state treasurer (both ex officio), four members under a state coverage plan elected from state membership, four members under a municipal coverage plan elected from local government membership, and two retiree members elected by the retired members of the association.

MISSION:

The mission of the agency is to preserve, protect and administer the retirement funds to meet its current and future obligations to retirees.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	36,030.1	36,036.1	40,411.4	39,496.7	9.6
SOURCES TOTAL	36,030.1	36,036.1	40,411.4	39,496.7	9.6
USES					
Personal Services and Employee Benefits	5,065.4	5,597.5	5,646.6	5,550.0	-0.8
Contractual Services	29,860.7	28,531.5	33,443.7	32,653.7	14.4
Other	1,104.0	1,907.1	1,321.1	1,293.0	-32.2
TOTAL USES	36,030.1	36,036.1	40,411.4	39,496.7	9.6
FTE					
Permanent	69.0	72.0	76.0	74.0	2.8
Term	0.0	12.0	12.0	12.0	0.0
TOTAL FTE POSITIONS	69.0	84.0	88.0	86.0	2.4

BUDGET ISSUES:

PERA's FY09 budget request reflected continued cost pressures. Most significantly, contractual services would rise by almost \$5 million, primarily attributable to investment contracts. Manager and consulting fees increased by \$4.1 million, or 15.6 percent, of which over a third related to implementing PERA's alternative investment strategies authorized by the 2005 Prudent Investor Act. The remaining growth resulted from additional managers, performance fees, increased assets under management, and a projected FY09 investment return of 8 percent. PERA also requested an additional \$600 thousand in attorney fees to review the complex legal issues and documents posed by the alternative investments, submitting that the special expertise offered by a few select firms could not be replicated in-house. Such legal fees amounted to \$453.5 thousand for the last three quarters of FY07. Finally, at \$127.9 thousand, the requested audit fee was almost 25 percent higher than the fees budgeted for FY08 and twice as high as those reported for FY07.

The data cleansing project to cleanse a large number of errors in members' accounts from the legacy information system extends into its second year for FY09. Related salaries -- including the 9 FTE added for FY08 -- and rental space account for \$351.3 thousand of the request. However, salaries are understated by \$161 thousand because vacancies budgeted at minimum in the request were filled at or above midpoint by September 2008. This produces a net vacancy savings of \$155 thousand.

PERA sold its building to the General Services Department (GSD) in FY07 for \$23.5 million. The agency plans on moving into its new home by spring 2009 with anticipated FY09 operating expenses relating to the move of \$38 thousand. The project represents a substantial investment for PERA; land was purchased for \$1.5 million, and the current estimate for the building is \$11.1 million.

The LFC recommendation budgets personal services and employee benefits category with the net \$155 thousand vacancy savings. The additional investment, legal, and due diligence costs associated with implementing the alternative investments are fully funded to highlight these costs and aid in their transparency over time to effectively evaluate the program's cost-benefit

analysis. However, the overall professional services amount relating to investment fees for the entire fund is reduced by \$750 thousand to incorporate a less optimistic view of fund performance, particularly regarding the fixed income category. The resulting investment fees relative to plan assets is estimated around 20 basis points, in line with PERA's current 21.2 basis points. The information technology (IT) contract requests are also fully funded at \$616 thousand as well as other various contractual services requested by PERA to incorporate management "best practices" to improve work processes and test actuarial assumptions. However, the recommendation reduces professional services by \$40 thousand for lobbyists and actuarial studies during the next 60-day session.

The recommendation also funds new rates for telecommunications, a 35 percent increase over FY07 but in line with the new rates established for FY08. The 32.2 percent reduction in the other category is due to including server replacement in the FY08 base budget but applying a \$1.7 million special appropriation for software and hardware updates for FY09. To smooth year-to-year budgets and introduce new technology more quickly, LFC would like to see the entire information technology platform on a three-year replacement schedule as part of the operating budget.

PERA's strong actuarial position improved slightly from FY06 to FY07, again aided by a strong return on investments, which was 18.1 percent. As of June 30, 2007, PERA's aggregate funding ratio (fund actuarial asset value divided by plan liabilities) was up 1 percent to 93 percent and is substantially higher than the Government Accounting Standards Board (GASB) standard of 80 percent. The aggregate funding period (amount of time to fully amortize plan liabilities) decreased three years to 13 years, again much better than the GASB minimum standard of 30 years. However, while the judicial and magistrate plans are funded 79 percent and 101 percent respectively, both plans have insufficient contributions despite prior legislation. See Volume I for more discussion of PERA's investment performance and actuarial position.

A review of the benefit structures within PERA might be warranted. For example, enhanced 25-year plans for state police and correctional officers provide 1.2 percent service credit for each year of service, allowing a member to retire after 20 years and 10 months of service. Municipal Plan 5 is a straight 20-year retirement plan. A state police member who has accrued service credit under the 25-year enhanced plan, resigns and joins an employer covered by Municipal Plan 5 may actually be eligible for retirement in less than 20 years. Correctional officers are not affected by this accelerated retirement structure because they cannot join a municipal police plan.

PERA is a defined benefit plan, where a vested retirement benefit becomes a property right. On retirement, the member can determine how the pension benefit will be received according to the four options listed in Section 10-11-117 NMSA 1978. The straight option pays the retired member for his or her lifetime. Payment options B through D reduce the benefit according to the life expectancy of the beneficiary -- who can be a spouse, child or other beneficiary designated by the employee. Theoretically, the same amount is paid from the plan due to the reduction of benefits, although some question whether conferring defined benefits into the next generation fits today's marketplace.

Legislation expected to be introduced in the 2008 session relating to PERA includes a continued appeal by the Department of Public Safety (DPS) to add the Motor Transportation and Special Investigation law enforcement officers to the 25-year enhanced State Police and Adult Correctional Officer Plan 1; a similar request for plan enhancements for the Fire Marshal's office; and a proposal to reopen Municipal Plan 4 to address the perceived inequity faced by Rio Rancho and other municipal workers. Article XX, Section 22, of the New Mexico Constitution requires that an increase in benefits under the retirement system be adequately funded to preserve the PERA fund's actuarial soundness.

Results were down for two of the agency's performance measures. The FY07 turnaround time to respond to requests continues to suffer, primarily due to having to manually audit data to ensure accuracy. The data cleansing project should eliminate this issue. FY07 represents the first year that PERA has not ranked above the 49th quartile relative to its peers for the five-year annualized return. PERA primarily attributes this underperformance to PERA just beginning its alternative investment program while many of its peers enjoyed high returns from alternative investments during 2002 through 2006.

BASE EXPANSION:

LFC recommends two of the three FTE requested in PERA's top priority to add staff to help monitor the alternative assets being added to the portfolio. In addition to these investments' complexity, LFC has noted valuation, illiquidity, complex structures, greater due diligence, and other central issues presented by this asset class. With the growth in the fund to over \$13 billion, this added complexity will strain current resources, which stand at six positions. These additional FTE will help provide better management, monitoring, implementation, accounting, and reporting for the growing, increasingly complex fund.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the pension administration program of the public employees retirement association in the contractual services category includes twenty-nine million three hundred eighty-five thousand dollars (\$29,385,000) to be used only for investment manager fees.

The other state funds appropriation to the pension administration program of the public employee retirement association in the contractual services category includes one million four hundred thousand dollars (\$1,400,000) to be used only for fiscal agent custody services.

The other state funds appropriation to the pension administration program of the public employee retirement association in the contractual services category includes six hundred thousand (\$600,000) to be used only for investment-related legal fees.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Investment bureau staff increase (2 FTE)	(PERA)	183.9	119.5
2	Assistant internal auditor position	(PERA)	60.3	0.0
TOTAL			244.2	119.5

PENSION ADMINISTRATION

The purpose of the pension administration program is to provide information, retirement benefits and an actuarially sound fund to association members so they can receive the defined benefit they are entitled to when they retire from public service.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Five-year average annualized investment returns to exceed internal benchmark, in basis points	146	115	>50	>50	>50
Quality	Percent of accurately computed retirements	98.5%	98.5%	98.5%	98.5%	98.5%
* Outcome	Five-year annualized performance ranking in a national survey of fifty to sixty similar large public pension plans in the United States, as a percentile	82nd	41st	>49th	>49th	>49th
* Efficiency	Average number of days to respond to requests for benefit estimates, military buy-backs, and service credit verifications	45-180	30-60	15-30	30-45	30-45
* Explanatory	Number of years needed to finance the unfunded actuarial accrued liability for the public employees retirement fund with current statutory contribution rates	16		30 or less	30 or less	30 or less

STATUTORY AUTHORITY:

The State Commission of Public Records was established by the Public Records Act, Sections 14-3-1 through 14-3-25 NMSA 1978. The commission governs the operations of the State Records Center and Archives, which administers the State Rules Act, Sections 14-4-1 through 14-4-9 NMSA 1978. The act guides the development of style and format requirements for rules filed by executive agencies.

MISSION:

The mission of the Commission of Public Records is to preserve, protect, and facilitate access to public records held in trust for the citizens of New Mexico, ensure rules promulgated by state agencies are published as prescribed by law and made accessible, advocate for the understanding and appreciation of New Mexico history, and develop records management programs for state agencies.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,578.4	2,923.9	3,026.4	2,959.9	1.2
Federal Revenues	9.9	10.4	10.5	10.5	1.0
Other Revenues	102.0	135.6	119.9	119.9	-11.6
Fund Balance	24.1	33.4	61.3	61.3	83.5
SOURCES TOTAL	2,714.4	3,103.3	3,218.1	3,151.6	1.6
USES					
Personal Services and Employee Benefits	2,207.5	2,450.2	2,504.8	2,487.2	1.5
Contractual Services	30.5	154.0	169.3	162.1	5.3
Other	397.8	499.1	544.0	502.3	0.6
TOTAL USES	2,635.8	3,103.3	3,218.1	3,151.6	1.6
FTE					
Permanent	38.5	39.5	40.0	40.0	1.3
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	40.5	41.5	42.0	42.0	1.2

BUDGET ISSUES:

The Commission of Public Records total general fund request, including expansion, is \$3.2 million, or 3.7 percent above the FY08 operating level. The committee recommends a 1.2 percent general fund increase, including funds to support the commission's internship and scholars program and its grant-making program, funded in Laws 2007, Chapter 21 (Senate Bill 611).

The New Mexico Historical Records Advisory Board, an adjunct to the commission, serves as the local advisory body for reviewing all New Mexico records preservation and access, or documentary-edition grant proposals submitted to the National Historical Publications and Records Commission. Through its grant program, funded by the Legislature, the board provides grants ranging from \$500 hundred to \$8.5 thousand to eligible recipients for historical records preservation and access projects. Its scholarship program offers funding to defray the costs of records and archival management training for employees and volunteers of historical records repositories. In FY08 \$42 thousand in grants were made to eight New Mexico institutions to preserve and provide better access to their historical records and \$5 thousand was awarded to 10 scholarship applicants for records and archival management training.

BASE EXPANSION:

The commission requested \$18.3 thousand in base expansion for 0.5 FTE to convert an existing 0.5 FTE to full time. The position would provide administrative support to the Office of the State Historian. The committee recommends funding 0.5 permanent FTE to relieve the state historian and the deputy historian administrative duties and allow them to devote more time to advocating an understanding and appreciation of New Mexico history.

BASE EXPANSION LISTING
FY09 - 2008-2009

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Administrative support	(PUB RECORDS)	18.3	18.3
TOTAL			18.3	18.3

RECORDS, INFORMATION AND ARCHIVAL MANAGEMENT

The purpose of the records, information and archival management program is to develop, implement and provide tools, methodologies and services for the benefit of government agencies, historical repositories and the public and to effectively create, preserve, protect and properly dispose of records and facilitate their use and understanding and protect the interests of the citizens of New Mexico.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
*	Outcome	Maximum number of days between rule effective date and online availability	29	31	34	34
	Outcome	Percent of requests for access to public records in its custody that the commission is able to satisfy	99.9%	99%	98%	98%
	Outcome	Percent of total records items scheduled, reviewed, amended or replaced within a five-year period		19.1%	75%	50%
	Outcome	Percent of state agencies with current records retention and disposition schedules	43.5%	45.1%		
	Outcome	Percent of all projects for the New Mexico historical records grant program that are achieving stated objectives	100%	90%	98%	98%
	Outcome	Percent of annual strategic action plan achieved or on schedule	70%	66%	75%	75%
	Output	Number of consultations, research reports and educational activities provided by the state historian	350	430	300	450

STATUTORY AUTHORITY:

Article V, Section 1, of the New Mexico Constitution created the office of the Secretary of State. The Secretary of State may be elected for two consecutive four-year terms and is second in line behind the lieutenant governor to assume the responsibilities of the governor. The Secretary of State is the keeper of the great seal of the state of New Mexico and affixes the seal to all commissions issued in the name of the state and signed by the governor. Article V, Section 2, of the New Mexico Constitution requires the returns of every election for state officers be sealed and transmitted to the secretary of state who, with the governor and state supreme court chief justice, constitute the state canvassing board. The Bureau of Elections is responsible for administering the state Election Code.

MISSION:

The mission of the Office of the Secretary of State is to administer elections and government ethics in accordance with state and federal law and to maintain and provide access to the laws, official acts, and other instruments vital to the efficient operation of state government. It is also the mission of the Secretary of State to file and maintain records vital to the interests of commerce and industry.

BUDGET SUMMARY (dollars in thousands)					
FY09 – 2008-2009					
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	3,312.3	4,006.8	8,685.6	4,098.6	2.3
Other Transfers	304.0	304.0	0.0	0.0	-100.0
Federal Revenues	1,586.5	0.0	0.0	0.0	***
Other Revenues	0.0	0.0	1,500.0	400.0	***
SOURCES TOTAL	5,202.8	4,310.8	10,185.6	4,498.6	4.4
USES					
Personal Services and Employee Benefits	2,068.6	2,476.0	2,910.6	2,607.5	5.3
Contractual Services	124.1	72.0	1,025.7	623.7	766.3
Other	1,423.6	1,762.8	6,249.3	1,267.4	-28.1
TOTAL USES	3,616.3	4,310.8	10,185.6	4,498.6	4.4
FTE					
Permanent	40.0	41.0	46.0	41.0	0.0
Temporary	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	41.0	42.0	47.0	42.0	0.0

BUDGET ISSUES:

The agency requested a \$292.4 thousand, or 7.3 percent, base increase and an additional \$4.3 million in expansion items. The committee recommends a \$91.8 thousand, or 2.3 percent general fund increase over the FY08 operating budget. The recommendation applies a 3 percent vacancy rate, compared with a five-year historical vacancy rate of 38 percent. The most significant increase is in contractual services for information technology software maintenance.

The Secretary of State oversees the public election fund for the Public Regulation Commission (PRC) and certain judgeships. PRC fees fund finance its elections, and the tax administration suspense fund finances certain judicial elections. The public election fund helps level the financial playing field, thereby giving all citizens the opportunity to run for office. In 2008 two of the five commission seats and one state Supreme Court seat are up for election. The agency requested \$1.5 million for this purpose; however, based on the limited history of amounts drawn from the fund, the committee recommends \$400 thousand from the public election fund for the upcoming elections program transfers from the PRC and the Taxation and Revenue Department.

In 2007, the Legislature provided the Secretary of State with a \$3.1 million appropriation to cover expenses from the 2006 general election. To help the new secretary of state manage financial shortfalls left by the previous administration, the Department of Finance and Administration temporarily loaned its chief financial officer and an auditor to the Secretary of State's office. Together they were able to ensure the Secretary of State was in compliance with the 50 percent rule and used surpluses in other parts of the Secretary of State's budget to offset some of its invoices. This resulted in using \$2.6 million of the special appropriation.

In spring 2007, the federal government began auditing expenditures of Help America Vote Act (HAVA) federal funds. New Mexico received and spent a total of \$19 million in HAVA federal funds. Five million dollars of the \$19 million came from HAVA Section 101 funding, a less restrictive source that can be used for voter education. The remainder of the funding came from HAVA Section 251, a more restrictive fund and expected to be used for voting equipment and voter information. The auditors found the state used \$4 million of its Section 251 funds for voter education costs, an impermissible expenditure under Section 251. It also discovered the state improperly paid \$36 thousand from Section 101 to San Juan County for costs incurred in 2000 related to implementing Voter Registration Election Management System.

It appears the previous secretary of state combined Section 101 and 251 expenditures and the current secretary of state followed the federal guidelines regarding the timeframes for expenditures for each fund. As a result, \$8.1 million was applied to Section 101, which exceeded that grant award by \$3 million, while \$11 million was applied to Section 251, leaving this fund with a \$4 million balance. The federal auditors have indicated that it will allow some flexibility in the dates items were purchased. Therefore, it is possible that the \$3 million overspent from Section 101 could instead be applied to Section 251 and the audit finding resolved. Until the federal auditors complete their audit these issues remain unresolved.

The HAVA audit also found the Secretary of State did not clearly communicate title transfer of the HAVA voting machines from the Secretary of State to the counties. As a result neither the agency nor counties properly recorded the equipment. To resolve this finding, the Secretary of State recently sent agreements for the county clerks to accept assignment of the machines and related software and services. This process is still in progress.

BASE EXPANSION:

The agency's \$4.3 million expansion request included \$4 million for the 2008 general election and \$386.4 thousand for 1 FTE to assist with a project to provide substitute addresses for victims of domestic violence, 1 FTE for its ethics administration division, 2 FTE to assist with election recounts, and an increase to its training line item.

The committee recommends that costs associated with the 2008 general election be requested as a special appropriation. This is consistent with practice in recent years, although in the longer term it would be desirable to fund elections with recurring revenues. The committee does not recommend additional FTE and looks forward to the agency filling its vacant positions and maintaining the training it's offered in the past.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	2008 general election	(SOS)	4,000.0	0.0
2	Substitute address	(SOS)	148.5	0.0
3	Ethics administration staffing	(SOS)	40.6	0.0
4	Paper ballot poll worker training	(SOS)	60.0	0.0
5	Paper ballot recheck, recount & canvassing	(SOS)	92.0	0.0
6	Training	(SOS)	45.3	0.0
TOTAL			4,386.4	0.0

SECRETARY OF STATE

To provide voter education and information on election law and government ethics to citizens, public officials, candidates, commercial and business entities so they can comply with state law.

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
Outcome	Response time for user requests or complaints relating to registered voters, voting rights, financial disclosures, campaign finance, financial institution loans and general code of conduct issues, in days	2	2	48	2	2
* Outcome	Percent of new voting machines tested		100%	98%	98%	100%
* Output	Number of newly registered voters	46,614	51,014	50,000	25,000	25,000
Outcome	Percent of administrative errors		.7%	.3%	<.3%	.3%
Output	Number of constitutional voter guides in Spanish and English distributed to county clerks and voters		150,000	500,000	60,000	60,000
Output	Number of users electronically filing legal documents or receiving educational materials	2,165	27,055	3,000	5,000	2,000
Output	Number of users educated or advised on issues such as voting rights, electronic filing, ethics law, general code of conduct, campaign finance, financial disclosures and lobbying	1,000,000	10,201	20,000	20,000	20,000
* Output	Number of training sessions provided to all county clerks on changes to the Election Code		2	3	3	2
Output	Number of meetings sponsored by the secretary of state to promote Native American voting		252	100	10	10
Output	Percent of directives in the Election Code that require rules for which rules have been promulgated				12%	100%

STATUTORY AUTHORITY:

The Personnel Act, Sections 10-9-1 through 10-9-25 NMSA 1978, created the State Personnel Office (SPO) and the State Personnel Board (SPB).

The Personnel Act requires the board to provide rule coverage in the following areas: classification plan; compensation plan; competitive entrance and promotion tests; exemption from testing for professional persons who possess recognized registration or certification by another agency; probationary period; employment lists of ranked job candidates; hours of work, holiday, and leave; disciplinary procedures and right of appeal to the board; rejection of applicants who fail to meet reasonable requirements; and emergency employment when no qualified applicants are available.

Under the Personnel Act, the SPO director shall supervise administrative and technical personnel activities; act as secretary to the board; establish, maintain, and publish annually a roster of all state employees with each employee's division, title, pay rate, and other pertinent data; report annually to the board; recommend to the board rules considered necessary or desirable to effectuate the act; and supervise all tests and prepare and submit to prospective agencies lists of persons passing them.

MISSION:

The purpose of the Personnel Act is to establish a system of personnel administration for New Mexico based solely on qualifications and ability to provide greater economy and efficiency in the management of state affairs.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		
2006-2007	2007-2008	Agency	LFC	Percent	
	Actuals	Budgeted	Request	Recommendation	Incr
					(Decr)
SOURCES					
General Fund Transfers	4,314.1	4,541.7	4,838.1	4,577.6	0.8
Fund Balance	0.0	60.0	0.0	60.0	0.0
SOURCES TOTAL	4,314.1	4,601.7	4,838.1	4,637.6	0.8
USES					
Personal Services and Employee Benefits	3,436.6	4,206.9	4,426.1	4,237.2	0.7
Contractual Services	21.5	36.5	36.5	29.9	-18.1
Other	497.0	358.3	375.5	370.5	3.4
TOTAL USES	3,955.1	4,601.7	4,838.1	4,637.6	0.8
FTE					
Permanent	65.0	65.0	65.0	65.0	0.0
TOTAL FTE POSITIONS	65.0	65.0	65.0	65.0	0.0

BUDGET ISSUES:

The FY09 budget request submitted by the Personnel Board does not include a vacancy rate, despite a rate of vacancy of 25.2 percent for FY07 as compared with an FY06 rate of 17.7 percent. Vacancies continue to be an issue for SPO. In FY06, the agency used the vacancy savings that had accrued to increase employees' salaries for many employees within the agency via in-pay-band adjustments. In FY07, again many positions were not filled because SPO assessed the impact of SHARE and concluded that the agency needed fewer positions. At the end of FY07, SPO submitted a budget adjustment request (BAR) using \$450 thousand in vacancy savings, 10.7 percent of the total budget, to purchase vehicles and furniture in addition to providing out-of-state training for staff. After the LFC raised concerns, SPO modified this request reducing it substantially.

In reviewing staffing for SPO, the Hay Group in 2006 recommended the deputy secretary for constituent services position be used within the department to meet more critical needs. Accordingly, it is recommended that this position be reclassified and transferred to either the compensation or the quality assurance areas. In accordance with LFC guidelines, it is recommended that funding personal services and employee benefits assumes a 4.3 percent vacancy rate. This is well below the agency's FY07 average vacancy rate of 25.2 percent and will leave sufficient funding for SPO to cover benefit expenditures for FY09 while maintaining sufficient staffing to accomplish its mission.

Turnover, vacancy rates, and the length of time to fill positions in state government are increasing. An FY07 statewide vacancy average of 14.2 percent for vacancies in FY07 is being driven by the public safety and health sectors. The Corrections Department experienced in FY07 a vacancy rate of 17.8 percent compared with an FY06 rate of 15.8 percent. The Department

of Health experienced a 15.7 percent vacancy rate compared with its FY06 level of 13 percent. The Human Services Department in FY07 experienced an 11.9 percent vacancy rate, down from its FY06 level of 14 percent. Vacant positions and turnover are costly and typically reflect issues with compensation, benefits, or working conditions. It is also important to note that, since moving to an online system for application submittal, total applications in FY07 for state positions have dropped by over 50 percent as compared with FY06. This may account for the increased vacancy rate.

A review of SPO in 2007 by LFC and an outside consultant (Donald Klingner, Ph.D., of the University of Colorado), in August 2007 identified many issues within SPO of major concern. These issues included a failure to comply with the state's mileage and per diem provisions, violations of the state's procurement code, inconsistent application and review of SPB rules, and a failure to conduct the oversight responsibilities required by statute. SPO has been required to have in place a quality assurance program to ensure compliance with the rules. This was a major underpinning of the N.M.H.R. 2001 recommendations. However, in the past few years these quality assurance reviews have not been emphasized or used by SPO. After the review by the committee this year SPO sought to revitalize this activity. This is important especially in light of the problems with SHARE implementation and the continued decentralization of activities.

A key element in this effort lies in the development of meaningful metrics, measurements over time that would assist SPO, the executive, and the Legislature in assessing the effectiveness and efficiency of the human resource system in New Mexico. The advent of SHARE allows SPO the ability to gather data that previously could not easily be obtained. This will greatly assist the executive and the Legislature in prioritizing the needs of the state and in the development of a strategic human resources plan built on actual data. Additionally, it would assist SPO in conducting its oversight responsibilities as prescribed in statute.

Developing metrics is not a process that should be done in a vacuum by human resource professionals. It must be completed in concert with all stakeholders. This group is inclusive of the Legislature through the appropriate legislative oversight committee, SPB, agency personnel, to include executive, management and employee groups. Both the Hay Group and Mr. Klingner have repeatedly recommended the inclusion of more meaningful metrics and metrics that are industry-standard measurements that would readily allow the state to benchmark to other public and private sector organizations.

RECOMMENDED LANGUAGE:

Any unexpended balance remaining in the state employee career development conference fund remaining at the end of fiscal year 2009 shall not revert to the general fund.

HUMAN RESOURCE MANAGEMENT

The purpose of the human resource management program is to provide through a flexible merit system opportunities, appropriate compensation, human resource accountability and employee development that meet the evolving needs of the agencies, employees, applicants and the public so economy and efficiency in the management of state affairs may be provided while protecting the interests of the public.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Average employee pay as a percent of board-approved comparator market, based on legislative authorization	93%	98.4%	95%	95%	99%
Outcome	Percent of managers and supervisors completing board-required training as a percent of total manager and supervisor category employees		38%			
* Outcome	Average number of days to fill a vacant position		66	90	90	90
Outcome	Percent increase in proficiency among employees in manager classifications		21%			
Outcome	Number of agencies with line authority			25		
* Outcome	Percent of large agencies that incorporate the state personnel office core management training objectives into their agency-specific management training		100%	90%	90%	100%
* Outcome	Percent of managers in medium to small agencies who successfully complete the management and supervision training sponsored by the state personnel office		16%	80%	80%	90%
* Outcome	Percent of union grievances resolved prior to formal arbitration		100%	90%	90%	95%
* Outcome	Percent of new employees who successfully complete their probationary period		63.2%	85%	85%	85%
* Outcome	Number of rule compliance review audits performed during the fiscal year				3	5
* Output	Percent of eligible employees with a completed performance appraisal on record at the close of the fiscal year		99.5%	99%	99%	99%
Output	Percent of key agencies receiving at least two review audits during the fiscal year		100%	95%		
* Output	Number of personnel system review audits performed during the fiscal year				2	5
* Output	Percent of rule compliance review audit exceptions corrected within six months of discovery				100%	100%
Output	Percent of quality reviews performed in agencies in accordance with the quality assurance program		100%			
Output	Number of days to produce employment lists	15	1			
Output	Percent of agency-specific human resource audit exceptions corrected within six months of discovery		93%	75%		
Quality	Percent of hiring officials satisfied with state personnel employment lists					N

STATUTORY AUTHORITY:

The Public Employee Bargaining Act, Section 10-7E-1 through 10-7E-26 NMSA 1978, reinstated collective bargaining, which expired in 1999. The board consists of three members appointed by the governor.

MISSION:

The board's mission is to guarantee public employees the right to organize and bargain collectively with their employers, to promote harmonious and cooperative relationships between public employers and employees, and to protect the public interest by ensuring, at all times, the orderly operation and functioning of the state and its political subdivisions.

BUDGET SUMMARY (dollars in thousands)						
	FY07	FY08	FY09 – 2008-2009		Percent Incr (Decr)	
	2006-2007 Actuals	2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	327.1	339.9	348.3	348.0	2.4	
Other Transfers	6.0	0.0	0.0	0.0	***	
SOURCES TOTAL	333.1	339.9	348.3	348.0	2.4	
USES						
Personal Services and Employee Benefits	248.2	252.1	253.9	253.5	0.6	
Contractual Services	3.5	4.0	4.5	4.5	12.5	
Other	70.2	83.8	89.9	90.0	7.4	
TOTAL USES	321.9	339.9	348.3	348.0	2.4	
FTE						
Permanent	3.0	3.0	3.0	3.0	0.0	
TOTAL FTE POSITIONS	3.0	3.0	3.0	3.0	0.0	

BUDGET ISSUES:

Due to expected shortfalls in the agency budget, the board obtained \$6 thousand from the Board of Finance in FY07. These monies were not needed and will revert to the general fund.

PUBLIC EMPLOYEE LABOR RELATIONS BOARD

The purpose of the public employee labor relations board is to assure all state and local public body employees have the right to organize and bargain collectively with their employers or to refrain from such.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
Outcome	Percent compliance with statutes, with particular attention to due process, equal protection, the Public Employee Bargaining Act and board rules	100%	100%	100%	100%	100%
Outcome	Percent of decisions overturned on appeal	0%	1%	1%	1%	1%
Output	Percent of determinations of approval of local labor relations boards within 100 days of request for approval	65%	99%	99%	99%	99%
Output	Percent of prohibited practice complaints decided within 180 days of filing	85%	91%	90%	90%	92%
Output	Percent of petitions processed within 180 days of filing	80%	92%	90%	90%	92%
Efficiency	Percent of cases resolved through agreement, mediation or arbitration	45%	48%	50%	50%	50%

STATUTORY AUTHORITY:

The office of the State Treasurer (STO) is established within the executive branch of government by Article V of the New Mexico Constitution. The principle statutory provisions governing the office of the State Treasurer are Sections 6-1-13, 6-8-6, 6-8-11, 6-10-10, 6-10-25 through 6-10-29, 6-10-37, 7-27-24 and 7-27-25, 8-6-1 through 8-6-7, 29-4-5, and 58-18-4 NMSA 1978.

The agency's primary responsibility is the receipt and safekeeping of all state money. The State Treasurer is responsible for maintaining an accurate account of all public money received and disbursed, disbursing money on properly drawn warrants, maintaining custody of the state's land grant and severance tax permanent funds, making payment on the state's debt, projecting the state's cash flow needs, and investing public funds for the short term. The treasurer invests funds on behalf of the general fund, state agencies, bond proceeds, and many local government and tribal entities.

MISSION:

The mission of the State Treasurer is to promote and protect the financial interests of the citizens and agencies of New Mexico through prudent financial decisions and actions involving state monies.

	BUDGET SUMMARY (dollars in thousands)				
			<u>FY09 – 2008-2009</u>		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,176.0	4,285.8	4,634.3	4,496.5	4.9
Federal Revenues	4.8	9.3	20.0	20.0	115.1
Other Revenues	109.0	0.0	0.0	0.0	***
SOURCES TOTAL	4,289.8	4,295.1	4,654.3	4,516.5	5.2
USES					
Personal Services and Employee Benefits	2,775.9	3,077.1	3,219.5	3,138.3	2.0
Contractual Services	362.4	354.0	456.0	413.1	16.7
Other	1,092.4	864.0	978.8	965.1	11.7
TOTAL USES	4,230.7	4,295.1	4,654.3	4,516.5	5.2
FTE					
Permanent	42.0	42.0	42.0	42.0	0.0
TOTAL FTE POSITIONS	42.0	42.0	42.0	42.0	0.0

BUDGET ISSUES:

STO's personal services and employee benefits request represented 4.6 percent growth over the FY08 operating budget, an increase of \$142.4 thousand. The LFC recommendation increases personal services and employee benefits by 2 percent, less than the request because it does not fund in-pay-band adjustments given to two exempt employees in the last month of FY08 and assumes 2.4 percent vacancy savings.

STO's contractual services request was 28.8 percent above the FY08 operating budget, an increase of \$102 thousand. STO's audit costs will be \$42.1 thousand higher in FY09. The contractual services request also included \$86 thousand more for improvements and maintenance to the agency's QED investment tracking system and \$20 thousand for a new federal funds tracking system, the costs of which will be reimbursed with federal funds. The LFC recommendation, which increases the agency's contractual services budget by 16.7 percent, includes \$30 thousand for a contract with Public Financial Management instead of the \$65 thousand requested, and does not fund the request of \$8 thousand for website adjustments and design of the agency's annual report, which LFC believes can be accomplished using permanent staff or vacancy savings.

STO's request for the other category was 13.3 percent higher than the FY08 operating budget, an increase of \$114.8 thousand. Information Systems Division service costs will be \$46.3 thousand higher than in FY08. The committee recommendation for other costs is an increase of 11.7 percent and only partially funds increases for office supplies and out-of-state travel.

STO continues to experience problems transitioning to SHARE. Reconciliation of cash now requires manual calculation of a long list of exceptions each day. STO staff must also manually calculate daily balances for roughly 150 self-earning accounts before interest earnings can be distributed. This labor-intensive approach reduces timeliness of interest earning distributions, is prone to

error, and may reduce general fund earnings by requiring payment of compound interest to self-earning accounts. Maximus, the contractor charged with implementing SHARE, has not adequately responded to STO requests for assistance, indicating that these problems are not a priority.

STATE TREASURER

The purpose of the state treasurer is to provide a financial environment that maintains maximum accountability for receipt, investment and disbursement of public funds to protect the financial interests of New Mexico citizens.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	One-year annualized investment return on general fund portfolio to exceed internal benchmarks, in basis points			5	5	5
* Outcome	One-year annualized investment return on local government investment pool to exceed internal benchmark, in basis points			5	5	5
Outcome	Number of outstanding agency bank transactions unreconciled after seven days, at month end	951		0	0	0
Outcome	Percent of employees rating their employment experience satisfactory or better in annual survey			80%	80%	80%
Outcome	Percent of agencies rating overall satisfaction with state investment office services as good or better in annual survey			80%	80%	80%
Outcome	Percent of employee development and appraisal assessments closed out by the deadline	100%		80%	80%	80%
Outcome	Maximum number of audit findings	7		3	3	3
Outcome	Percent increase of local government investment pool average balance over the prior fiscal year end	-40%	36%	10%	10%	10%
Output	Percent of cash-to-books reconciliation items processed and adjusted to the agency fund balance within thirty days of closing from the department of finance and administration					
Output	Percent of investments purchased exceeding the overnight rate of return		86%			
Output	Percent of total weighted average dollar value of portfolio's yield equal to or exceeding the total return on a one-year treasury bond		90%			
Output	Percent of interest allocated to state agencies within five days of treasury system close					
Output	Percent of cash-to-books reconciling items resolved and agency funds balanced within thirty days of treasury close					
Output	Percent of treasury reports issued within two days of receipt of cash master from the department of finance and administration					
Output	Percent of agency funds deposited in the bank and recorded in the treasury within twenty-four hours					
Output	Percent of state bank accounts reconciled to bank statements within twenty-four hours of receipt of bank statement		100%			
Output	Percent annual decrease in fraudulent warrants attributable to positive pay implementation		99%			

STATUTORY AUTHORITY:

The seven-member Board of Examiners for Architects is authorized by Sections 61-15-1 through 61-15-13 NMSA 1978. The board is charged with the duty of ensuring any person practicing architecture complies with the provisions of the Architecture Act. Approximately 2,020 architects are registered to practice in New Mexico.

MISSION:

The Board of Examiners for Architects is charged with safeguarding the life, health, and property and promoting the public welfare by reviewing evidence of professional qualification of any person applying to practice architecture in this state.

BUDGET SUMMARY (dollars in thousands)						
	FY07		FY08		FY09 – 2008-2009	
	2006-2007	2007-2008	Agency	LFC	Percent	
	Actuals	Budgeted	Request	Recommendation	Incr (Decr)	
SOURCES						
Other Revenues	91.9	0.0	0.0	0.0	***	
Fund Balance	220.1	349.0	349.0	349.0	0.0	
SOURCES TOTAL	312.0	349.0	349.0	349.0	0.0	
USES						
Personal Services and Employee Benefits	239.1	239.8	250.3	250.3	4.4	
Contractual Services	7.9	14.4	14.4	14.4	0.0	
Other	66.7	94.8	84.3	84.3	-11.1	
TOTAL USES	313.7	349.0	349.0	349.0	0.0	
FTE						
Permanent	4.0	4.0	4.0	4.0	0.0	
TOTAL FTE POSITIONS	4.0	4.0	4.0	4.0	0.0	

BUDGET ISSUES:

The board is requesting a fund transfer of \$349 thousand. The board collects its registration fees every two years. The fund balance is projected to be \$233.8 thousand at the end of FY09.

ARCHITECTURAL REGISTRATION

The purpose of the architectural registration program is to safeguard life and property and promote the public welfare by reviewing evidence of the professional qualification of any person applying to practice architecture in New Mexico.

PERFORMANCE MEASURES						
		FY06	FY07	FY08	FY09	FY09
		Actual	Actual	Budget	Request	Recomm
Output	Number of registration applications processed	1,944	2,098	2,020	2,020	2,020
Outcome	Percent of registrants audited to ensure compliance with continuing education requirements	2%		2%	2%	2%
Output	Number of days after the receipt of a complaint to process and deliver the complaint to the enforcement subcommittee	11.7	2.4	60	60	10

STATUTORY AUTHORITY:

The Border Authority was created pursuant to the Border Development Act, Sections 58-27-1 through 58-27-26 NMSA 1978, and is administratively attached to the Economic Development Department. The Border Authority is legislatively established as an independent executive branch agency operating in the capacity of a public "port authority" at the international border with Mexico. The Border Authority is mandated to provide leadership in the development of infrastructure on both sides of the border that will support and foster an increase in trade activity at federal ports of entry.

MISSION:

The Border Authority works continuously with the local trade community, local government jurisdictions, and the federal border enforcement agencies in the United States and Mexico, promoting and marketing New Mexico ports of entry as an integral part of a border development partnership with Chihuahua.

	BUDGET SUMMARY (dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent Incr (Decr)
	2006-2007 Actuals	2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	438.1	521.3	716.6	566.6	8.7
Other Transfers	530.0	102.8	0.0	0.0	-100.0
SOURCES TOTAL	968.1	624.1	716.6	566.6	-9.2
USES					
Personal Services and Employee Benefits	348.4	377.8	377.4	377.4	-0.1
Contractual Services	36.9	40.8	126.0	76.0	86.3
Other	534.1	205.5	213.2	113.2	-44.9
TOTAL USES	919.4	624.1	716.6	566.6	-9.2
FTE					
Permanent	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	5.0	5.0	5.0	5.0	0.0

BUDGET ISSUES:

The Border Authority serves as the lead state agency for coordinating programs to "expand economic opportunities, ... create avenues of communication between New Mexico and Chihuahua ... concerning economic development, trade and commerce, transportation and industrial affairs," and recruit new industries to the state. To carry out its duties, the agency has broad authority to solicit federal, state, and local funding, charge fees and tolls, and issue revenue bonds. Some projects, like hazardous materials (HAZMAT) planning at Santa Teresa, which will end in FY08, and coordinating a master plan for Hidalgo County, have been funded by federal or other state funds. Without such project revenue anticipated for FY09, the agency will rely solely on general fund revenue.

The committee recommends full funding of the base request and \$50 thousand for expansion of professional services contracts. The new Border Authority office building has an estimated completion date of early 2008. The agency originally requested \$100 thousand for new information technology equipment for the new building but retracted the request in favor a special appropriation request. In addition, the agency received \$550 thousand in capital outlay funding in 2007 to equip and furnish the building and is requesting an additional \$550 thousand to complete the project.

On the premise that more commercial traffic through New Mexico brings more commercial activity to the state, the agency spends significant effort to increase traffic through the state's three ports of entry. The Santa Teresa port of entry, New Mexico's most active commercial port, continues to see an increase in commercial traffic, as carriers seek alternatives to the congested ports in El Paso, Texas. A one-year pilot project to extend the operating hours of the port until 10 p.m. began in fall 2007 and should increase commercial traffic through the port. In 2006, \$2 million was appropriated to the General Services Department to develop a commercial drop yard at Santa Teresa. The project holds potential to generate revenue for the Border Authority.

The Columbus port of entry is the most active pedestrian crossing. A new visitor parking lot was completed in 2006. Following the flooding in the summer of 2006, \$500 thousand was appropriated to the agency in capital outlay for street and drainage improvements, but the project has not begun. The federal government announced a more than \$25 million expansion and redesign of the Columbus port. The plan is currently in design and while most of the funding has not been allocated, it remains a high priority for the U.S. Department of Homeland Security.

The port of entry at Antelope Wells is one of the smallest ports along the entire U.S.- Mexico border. Further development of this noncommercial port is hindered by the unpaved access road on the Mexican side. Nevertheless, it remains a good access point for visitors to northwest Chihuahua.

BASE EXPANSION:

The committee recommends \$50 thousand to market the ports to industry to increase commercial traffic and conduct traffic and engineering surveys to support port expansion and improvements. The additional contract funding should help the agency gather the necessary data – time studies, comparative cost analyses – to promote further commercial development around Santa Teresa and Columbus, New Mexico.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Professional services	(BORDER AUTH)	100.0	50.0
2	IT equipment	(BORDER AUTH)	100.0	0.0
TOTAL			200.0	50.0

BORDER DEVELOPMENT

The purpose of the border development program is to encourage and foster development of the state by developing port facilities and infrastructure at international ports of entry to attract new industries and businesses to the New Mexico border and to assist industries, businesses and the traveling public in their efficient and effective use of ports and related facilities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Annual trade share of New Mexico ports within the west Texas and New Mexico region	2.574%	2.609%	2.8%	3.0%	3.0%
Outcome	Percent of program objectives obtained as a result of direct agency interaction with the border trade community, both public and private sector	90%	90%	90%	90%	92%
Output	Number of coordination meetings with border community leaders, congressional offices, Mexican federal agencies, federal and state agencies or international funding resources to maintain integrity of the international border in New Mexico	160	220	175	250	250
Explanatory	Commercial and noncommercial vehicular port traffic at New Mexico ports	693,583	809,439	750,000	860,000	860,000

STATUTORY AUTHORITY:

The Tourism Department was created in 1991 by the Tourism Department Act, codified as Sections 9-15A-1 through 9-15A-9 NMSA 1978. This act separated the Travel and Tourism Division from the former Economic Development and Tourism Department and formed a new cabinet agency. The purpose of the act was to create a cabinet-level department to coordinate statewide tourism activities; provide a database for local and regional tourism groups; serve as a comprehensive source of information and assistance to tourism-related businesses wishing to relocate, expand, or do business in New Mexico; monitor the progress of state-supported tourism activities; and prepare annual reports of such activities, their status, and their impact.

MISSION:

The mission of the Tourism Department is to market New Mexico as an enchanting visitor destination to the world.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent Incr (Decr)
2006-2007	2007-2008	Agency Request	LFC Recommendation		
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	8,764.0	11,286.8	17,297.7	11,619.5	2.9
Other Transfers	1,152.9	1,170.2	1,287.2	1,397.5	19.4
Other Revenues	4,315.6	4,396.1	4,503.6	4,453.5	1.3
SOURCES TOTAL	14,232.5	16,853.1	23,088.5	17,470.5	3.7
USES					
Personal Services and Employee Benefits	4,308.8	5,039.8	5,350.7	4,933.2	-2.1
Contractual Services	1,478.3	1,668.4	2,348.4	1,648.4	-1.2
Other	8,260.0	10,144.9	15,389.4	10,888.9	7.3
TOTAL USES	14,047.1	16,853.1	23,088.5	17,470.5	3.7
FTE					
Permanent	81.5	84.5	94.5	85.5	1.2
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	81.5	85.5	95.5	86.5	1.2

BUDGET ISSUES:

By the close of the 2007 Legislative session, the Tourism Department's budget had increased more than 33 percent over FY07. For FY08, the Sports Authority was rolled into the department, more than \$1.5 million in general fund revenue was added for advertising and promotion, and another \$200 thousand was appropriated to augment personal services and employee benefits in Laws 2007, Chapter 21 (Senate Bill 611), for total general fund revenue of \$11.3 million.

For FY09, the department requested \$17.3 million from the general fund, a 53.2 percent over FY08. With a flat base budget request for general fund revenue, the growth comes mostly from a \$5 million advertising expansion request.

The committee recommendation for FY09 assumes a 3 percent vacancy rate in Program Support and Marketing and Promotion. These two programs, the largest in the department, have historically carried a more than 5 percent vacancy rate at any give time. The recommendation also includes technical adjustments to the agency request for personal services and employee benefits. For example, the agency requested more money in Program Support than necessary, including \$64 thousand for a term FTE that does not exist. The savings in the personal services and employee benefits category is reallocated to increase the marketing and advertising budget and 1 new FTE for the visitor information centers.

For FY08, the department budgeted almost \$4 million for its television and print advertising campaigns. With another \$1 million for cooperative advertising and additional funding for public relations, the department has well over \$5 million to promote the state. While the department frequently cites a Tourism Industry Association study ranking the states' advertising budget at 37th among the states, the same study indicates New Mexico's tourism office budget ranks 22nd among all states. Moreover, the values are absolute and do not reflect the state's commitment to advertising relative to the size of the state's budget and population.

For FY07, the conversion rates of the department's advertising campaign missed the targets, indicating the campaign wasn't as successful as planned. The state's domestic market share held steady at 1.2 percent. The department also reported a slight increase in the number of visitors at the visitor information centers and many more users of the department's website. In addition, the department reports on numerous other measures in its Marketing and Promotion Program, but without a detailed performance monitoring plan, it is difficult to assess the reported data.

New Mexico Magazine’s circulation rate dipped again in FY07, while revenue per issue increased. The department did not report exact data on its new performance measure to gauge its circulation against other state travel magazines.

The Tourism Development Program comprises the Outreach, New Mexico Clean and Beautiful, and Off Highway Vehicle programs. The latter two programs are funded by motor vehicle registration fees. The committee recommends additional funding from these sources to fund the program operations. For the past several years the New Mexico Clean and Beautiful Program increased its budget through budget adjustments for grants to local communities. With a new director at the Off Highway Vehicle Program, additional operating revenue was required in personal services and employee benefits. Technical corrections to the personal services and employee benefits request in the Outreach Program reduced the need for general fund revenue.

BASE EXPANSION:

The committee recommends \$500 thousand in additional marketing and advertising funding in the Marketing and Promotion Program, bringing total funding for the advertising line item to about \$4.5 million. In addition, the department has the flexibility to devote more resources to advertising. For example, by reducing attendance and promotion at international travel events—presently a very soft market—the department could focus those resources domestically.

The department also requested additional funding for an attorney, 8 FTE for the visitor information centers, and a financial specialist in Program Support. The committee recommendation provides sufficient funding in the base budget to contract for attorney services, and the committee recommends 1 FTE for the visitor information centers to relieve scheduling and overtime costs at the busiest centers.

The \$200 thousand appropriated to the agency in Laws 2007, Chapter 21, (Senate Bill 611) for shortfalls in personal services and employee benefits was used by the department for an additional FTE in Program Support not authorized by the Legislature. The committee views the FTE as expansion, extracted it from the base, and recommends authorization of the position.

RECOMMENDED LANGUAGE:

The general fund appropriation to the marketing and promotion program of the tourism department in the other costs category includes four million five hundred thousand dollars (\$4,500,000) for direct marketing, promotion and advertising, of which one hundred thousand dollars (\$100,000) shall be used on statewide advertising efforts with the state parks division of the energy, minerals and natural resources department and one hundred thousand dollars (\$100,000) shall be used on statewide advertising efforts with the cultural affairs department.

The general fund appropriation to the tourism development program of the tourism department in the other costs category includes one million dollars (\$1,000,000) for the cooperative advertising program.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
*	Program Support (1 FTE)	(PRG SUPPORT)	0.0	0.0
1	Promoting New Mexico -- advertising	(MARKETING)	5,000.0	500.0
2	Lawyer (1 FTE)	(PRG SUPPORT)	20.0	0.0
3	5 FTE for visitor information centers	(MARKETING)	148.5	28.0
4	Financial specialist	(PRG SUPPORT)	34.4	0.0
5	<u>3 FTE for new visitor information center</u>	<u>(MARKETING)</u>	<u>108.0</u>	<u>0.0</u>
TOTAL			5,310.9	528.0

*The agency included this item in the base request. The LFC considers this to be expansion and has extracted it from the base.

MARKETING AND PROMOTION

The purpose of the marketing and promotion program is to produce and provide collateral, editorial and special events for the consumer and trade so that they may increase their awareness of New Mexico as a premier tourist destination.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,557.1	7,245.3	12,501.8	7,765.8	7.2
Other Revenues	60.0	85.0	85.0	85.0	0.0
SOURCES TOTAL	5,617.1	7,330.3	12,586.8	7,850.8	7.1
USES					
Personal Services and Employee Benefits	1,700.8	1,796.2	2,052.7	1,816.7	1.1
Contractual Services	274.7	367.2	367.2	367.2	0.0
Other	3,641.6	5,166.9	10,166.9	5,666.9	9.7
TOTAL USES	5,617.1	7,330.3	12,586.8	7,850.8	7.1
FTE					
Permanent	40.5	39.5	47.5	40.5	2.5
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	40.5	40.5	48.5	41.5	2.5

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	New Mexico's domestic tourism market share	1.2%	1.2%	1.2%	1.2%	1.3%
Outcome	Percent change in visits to New Mexico visitor information centers	-0.4%	1.0%	1.0%	1.2%	1.2%
Outcome	Average wait time for vacation guide, in days	14	12	11	11	11
Outcome	Percent increase in lodger's tax revenue	0.43%	0.48%	0.50%	0.50%	0.50%
Outcome	Number of stories featured in the media as a result of external efforts	140	560	160	580	580
Outcome	Economic impact of tourism in the state of New Mexico, in billions	\$5.0	\$5.1	\$5.1	\$5.1	\$5.1
* Output	Print advertising conversion rate	23%	23%	25%	25%	25%
* Output	Broadcast conversion rate	19.6%	32%	34%	34%	32%
Quality	Number of domestic qualified leads generated	9,200	9,300	9,400	9,500	9,500
Quality	Number of stories placed in the media	140	150	160	170	170
Quality	Number of international qualified leads generated	11,700	11,800	11,900	12,000	12,000
* Explanatory	Number of visits to visitor information centers	1,053,403	1,085,736	1,096,594	1,096,594	1,100,000
Explanatory	Number of unique website visitor sessions	5,085,845	5,109,674	3,200,000	3,700,000	5,200,000
Efficiency	Number of return visitors to New Mexico	17,107,000	17,500,000	17,710,021	17,710,021	17,800,000

TOURISM DEVELOPMENT

The purpose of the tourism development program is to provide constituent services for communities, regions and other entities so that they may identify their needs and assistance can be provided to locate resources to fill those needs, whether internal or external to the organization.

BUDGET SUMMARY
(dollars in thousands)

	FY07		FY08		FY09 - 2008-2009		Percent Incr (Decr)
	2006-2007 Actuals		2007-2008 Budgeted		Agency Request	LFC Recommendation	
SOURCES							
General Fund Transfers	1,307.5		1,522.4		1,522.4	1,438.9	-5.5
Other Transfers	1,152.9		1,170.2		1,287.2	1,397.5	19.4
SOURCES TOTAL	2,460.4		2,692.6		2,809.6	2,836.4	5.3
USES							
Personal Services and Employee Benefits	422.6		476.0		476.0	503.3	5.7
Contractual Services	175.0		175.0		175.0	175.0	0.0
Other	1,862.8		2,041.6		2,158.6	2,158.1	5.7
TOTAL USES	2,460.4		2,692.6		2,809.6	2,836.4	5.3
FTE							
Permanent	7.0		7.0		7.0	7.0	0.0
TOTAL FTE POSITIONS	7.0		7.0		7.0	7.0	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Pounds of litter removed	1,351,420	4,283,549	2,500,000	4,300,000	4,500,000
Outcome	Number of active New Mexico community scenic byway organizations	11	18	22	23	23
Outcome	Number of distribution channels for purchase of out-of-state off-highway vehicle permits		15	23	20	20
* Outcome	Number of partnered cooperative advertising applications received	28	31	35	35	35
Outcome	Value of matching dollars and in-kind contributed by tribes to promote joint Indian tourism activities	\$83.5	\$126.0	\$130.0	\$135.0	\$135.0
Output	Number of out of state off-highway vehicle permits sold		1,355	1,500	1,500	1,500
Output	Number of New Mexico community participants and volunteers in New Mexico clean and beautiful clean-up events	77/17,766	67/21,429	63/30,000	63/30,000	63/30,000
* Efficiency	Number of off-highway vehicle trails developed		0	3	3	3

NEW MEXICO MAGAZINE

The purpose of the New Mexico magazine program is to produce a monthly magazine and ancillary products for a state and global audience so that the audience can learn about New Mexico from cultural, historical and educational perspectives.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	<u>FY09 - 2008-2009</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Other Revenues	4,255.6	4,311.1	4,418.6	4,368.5	1.3
SOURCES TOTAL	4,255.6	4,311.1	4,418.6	4,368.5	1.3
USES					
Personal Services and Employee Benefits	1,023.7	1,143.9	1,143.9	1,093.8	-4.4
Contractual Services	935.2	972.9	952.9	952.9	-2.1
Other	2,111.3	2,194.3	2,321.8	2,321.8	5.8
TOTAL USES	4,070.2	4,311.1	4,418.6	4,368.5	1.3
FTE					
Permanent	17.0	17.0	17.0	17.0	0.0
TOTAL FTE POSITIONS	17.0	17.0	17.0	17.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Relative qualified circulation		+/-1%	+/-1%	+/-1%	+/-1%
* Outcome	Circulation rate	106,758	107,870	118,000	109,000	110,000
Output	Ancillary product revenue, in dollars		\$258,215	\$285,000	\$300,000	\$300,000
Output	Collection rate	98%	99%	98.5%	98.5%	98.5%
* Output	Advertising revenue per issue	\$114.9	\$117.5	\$120.6	\$125.0	\$125.0
Efficiency	Net acquisition cost per subscriber	\$1.90	\$1.46	\$1.84	\$1.50	\$1.50

SPORTS AUTHORITY

The purpose of the sports authority program is to recruit new events and retain existing events for professional and amateur sports to advance the economy and tourism in the state.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	<u>FY09 - 2008-2009</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	295.2	503.2	1,203.2	499.3	-0.8
SOURCES TOTAL	295.2	503.2	1,203.2	499.3	-0.8
USES					
Personal Services and Employee Benefits	220.1	241.1	241.1	237.2	-1.6
Contractual Services	1.5	76.5	776.5	76.5	0.0
Other	73.6	185.6	185.6	185.6	0.0
TOTAL USES	295.2	503.2	1,203.2	499.3	-0.8
FTE					
Permanent	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	3.0	3.0	3.0	3.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Number of new major sporting events attracted to New Mexico	1		1		1
Output	Attendance at New Mexico bowl		34,111	25,000		25,000
Output	National television audience share for New Mexico bowl		1.81	2.5		2.5
* Outcome	Number of new minor sporting events attracted to New Mexico	7		7		7

PROGRAM SUPPORT

The purpose of program support is to provide administrative assistance to support the department's programs and personnel so they may be successful in implementing and reaching their strategic initiatives and maintaining full compliance with state rules and regulations.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,604.2	2,015.9	2,070.3	1,915.5	-5.0
SOURCES TOTAL	1,604.2	2,015.9	2,070.3	1,915.5	-5.0
USES					
Personal Services and Employee Benefits	941.6	1,382.6	1,437.0	1,282.2	-7.3
Contractual Services	91.9	76.8	76.8	76.8	0.0
Other	570.7	556.5	556.5	556.5	0.0
TOTAL USES	1,604.2	2,015.9	2,070.3	1,915.5	-5.0
FTE					
Permanent	14.0	18.0	20.0	18.0	0.0
TOTAL FTE POSITIONS	14.0	18.0	20.0	18.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Acceptance rate of payment vouchers				5%	5%
Output	Number of payment vouchers processed weekly				100	100
Explanatory	Percent of administrative costs of overall agency operating budget	12%	12%	12%	12%	12%
Efficiency	Number of repeat audit findings	0	0	0	0	0
Efficiency	Number of audit findings	0	0	0	0	0

STATUTORY AUTHORITY:

The Economic Development Department (EDD) was created pursuant to the Economic Development Act in Sections 9-15-1 through 9-15-47 NMSA 1978. EDD promotes economic development and diversification, as well as business recruitment, expansion, and retention in New Mexico. The agency provides a coordinated statewide perspective on economic development activities, maintains a database for local and regional economic development groups, and serves as the comprehensive source of information for businesses wishing to locate or expand in the state.

MISSION:

The mission of the Economic Development Department is to facilitate the creation, retention, and expansion of jobs and increase investment through public/private partnerships to establish a stable diversified economy that will improve the quality of life for New Mexico citizens.

BUDGET SUMMARY (dollars in thousands)						
	FY07	FY08	FY09 – 2008-2009		Percent Incr (Decr)	
	2006-2007 Actuals	2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	7,318.0	9,382.0	10,220.1	9,400.3	0.2	
Other Transfers	0.0	0.0	0.0	100.0	***	
SOURCES TOTAL	7,318.0	9,382.0	10,220.1	9,500.3	1.3	
USES						
Personal Services and Employee Benefits	3,704.2	4,648.3	5,308.8	4,964.9	6.8	
Contractual Services	2,238.0	2,915.2	3,722.6	3,485.6	19.6	
Other	927.1	1,818.5	1,188.7	1,049.8	-42.3	
TOTAL USES	6,869.3	9,382.0	10,220.1	9,500.3	1.3	
FTE						
Permanent	67.0	68.0	73.0	70.0	2.9	
TOTAL FTE POSITIONS	67.0	68.0	73.0	70.0	2.9	

BUDGET ISSUES:

In FY08, the department’s budget grew by 28 percent over the previous year, mostly due to converting from one-time to recurring funding for the Economic Development Partnership. The department requested about a 9 percent increase for fiscal year 2009, all for expansion of operations.

The department requested about \$100 thousand more than necessary for Department of Information Technology (DoIT) and General Services Department (GSD) rates, mostly for telecommunication services in the Film Office and Program Support. The committee recommends funding for GSD and DoIT services at the published rates -- a net decrease of \$99.4 thousand from the FY08 operating level. In addition, the recommendation assumes 3 percent vacancy savings in Program Support and the Economic Development Program, providing another \$97 thousand for other priorities. These savings are reallocated to fund several of the department’s expansion requests.

As the largest program in the department, the Economic Development Program comprises the business and community development teams, the MainStreet program, the Job Training Incentive Program (JTIP), and the Office of International Trade. With the New Mexico Economic Development Partnership (EDP), a 501(c) nonprofit organization created in 2003, functioning as the business recruitment arm of the department, the Economic Development Program focuses on community development, business expansion, and company retention.

The program met the most important measures for FY07, especially job recruitment and community development program measures. However, the challenge in measuring the agency’s performance is in counting jobs created. Job creation numbers are based on company reports of anticipated total employment, not actual jobs, and the agency does not revise reports.

The MainStreet program helps local MainStreet organizations revitalize their communities by providing resources and expertise in planning, marketing, economic analysis, and design of downtown areas. The MainStreet budget is about \$1 million for salaries and benefits for 2 FTE and \$825 thousand for contractors who provide specialized services to communities. The Legislature has appropriated another \$4.5 million in capital outlay over the last three years for MainStreet programs statewide. All of the funding has been awarded to communities, but most of it remains unspent.

Although New Mexico's MainStreet program is larger than the average state program, the committee recommends an additional FTE, an assistant director, to manage contracts and provide service to MainStreet communities. With additional staff support, the committee recommends that the department reallocate some of its MainStreet contract spending for other community development programs, such as the certified communities initiative, or attorney services.

In FY07 JTIP awarded \$12.3 million in grants to 71 companies for employee wages. In December 2006, EDD conducted a job retention study. JTIP surveyed 89 businesses that participated in the program from 2002 to 2006, and the results show that only 34 percent of trainees were still employed by the company that received JTIP funds. These results are not distinguishably different from a similar study in 2003. The department should begin reporting such findings annually, and the committee recommends a new performance measures to track retention results.

The Film Office, nearly autonomous of the department, expanded by 28 percent from FY07 to FY08. The department did not seek another increase for FY09 and, in fact, requested more funding than needed for DoIT telecommunication rates. The committee recommendation reallocates this funding to other expansion requests in the department.

The Film Office oversees one of the most generous film incentive packages in the country. Production companies may receive a 25 percent tax rebate on expenditures, reimbursement of employee wages through JTIP, and zero-interest loans from the State Investment Council. In addition, the state has invested \$22 million in capital outlay appropriations in media production education programs at New Mexico's colleges and universities. These subsidies, coupled with New Mexico's varied landscape and proximity to Los Angeles, have led to significant growth in the number of films made in the state.

The state likely will return more than \$70 million to production companies in FY08 through the film production tax credit – an amount that will grow in the coming years. Since 2002, SIC has loaned production companies \$198 million without interest for a share of film profits. Of this amount, \$168.7 million remains unpaid.

Through Program Support, the agency spends more than \$1.4 million to contract with the Economic Development Partnership for recruitment services. While the partnership generally has shown strong results in working with New Mexico communities to attract new businesses, the nonprofit organization typically spends \$10 thousand to \$20 thousand of the appropriation for lobbying services. These services are unnecessary and not recommended.

The department requested additional resources for its two small programs – the Science and Technology Program and Office of Mexican Affairs. The department is seeking to bring the Technology Research Collaborative – a loosely organized entity funded through capital outlay and special appropriations – under the purview of the department and place the TRC executive director in the Science and Technology Program. The committee recommends the expansion to bolster accountability and oversight of TRC. Funding for TRC should be administered by the department, and direct appropriations to TRC should cease. Separately, an administrative position in the Science and Technology Program provides full-time support to the Spaceport Authority. The committee recommendation moves this FTE and \$67.7 thousand in general fund revenue to the Spaceport Authority.

The Office of Mexican Affairs, in collaboration with the Border Authority, the International Business Accelerator and the ED Partnership, works on border economic development projects and diplomatic activities primarily with Ciudad Juarez in Mexico through the New Mexico-Chihuahua Commission. The committee supports the agency's request for an additional FTE to pursue more investment and better relations in Chihuahua and other industrial cities in the Mexican interior.

In addition to capital outlay for MainStreet and film programs, EDD, in collaboration with the Department of Finance and Administration, manages several other large capital appropriations for economic development projects. In 2007, the Legislature appropriated \$3.5 million for an electric car manufacturing plant in Bernalillo County, \$1 million for ultra-short pulse laser systems, and \$1 million for economic development projects statewide. The car manufacturing plant is still in the planning phases. The department is working with the University of New Mexico to acquire, develop, and commercialize an ultra-short pulse laser system. And several smaller projects may be funded will allocations from the appropriation for statewide economic development projects.

BASE EXPANSION:

The agency requested funding for 15 expansions, many for small amounts and some connected to new FTE. The committee recommends funding for many of the requests and anticipates that the agency should have sufficient resources to carry out several other requested projects.

The agency's many contracts and its administratively attached agencies, like the Spaceport Authority, require legal services. The committee recommends the agency seek counsel of the Attorney General in these matters and supplement those services

through contracts. Because the agency previously shared an attorney with the Tourism Department, it has about \$37 thousand in the operating budget for legal counsel services.

To expand the department's service to communities, the committee recommends an assistant director for the MainStreet program. The new FTE for MainStreet should allow the department to reallocate contract funding to the certified communities initiative, for which the department had requested an additional \$75 thousand.

The agency requested \$20 thousand to expand contracts for financial analysis services of companies seeking JTIP funding. The committee recommends \$100 thousand from the development training fund for administration of JTIP, as authorized by Section 21-19-13 NMSA 1978. The department has used budget adjustment authority the past two years to move this funding into the department's operating budget.

The committee recommends 1 FTE, an international trade specialist, and other costs for the Office of International Trade. The expansion will support the department's efforts to attract foreign investment and expand services to New Mexico companies looking to export overseas. Another new FTE for the Office of Mexican Affairs will expand the program's reach to attract investment from Mexico and provide services to border businesses.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
01	1 FTE -- legal counsel	(PRG SUPPORT)	93.0	0.0
02	1 FTE -- mainstreet assistant director	(EDD PROGRAM)	62.4	62.4
03	1 FTE retention & expansion database manager	(EDD PROGRAM)	70.0	0.0
04	Business & community development workshops	(EDD PROGRAM)	50.0	0.0
05	JTIP contract analyze financial statements	(EDD PROGRAM)	20.0	100.0
06	Certified community initiative	(EDD PROGRAM)	75.0	0.0
07	Community economic assessments	(EDD PROGRAM)	50.0	0.0
08	Trade promotion contracts	(EDD PROGRAM)	80.0	0.0
09	1 FTE -- international trade specialist	(EDD PROGRAM)	70.2	70.2
10	International trade other costs	(EDD PROGRAM)	50.0	19.0
11	1 FTE -- executive director TRC program	(TECH COMM)	80.0	80.0
12	Staff customer workshops/development training	(EDD PROGRAM)	12.0	0.0
13	1 FTE -- office of mexican affairs	(MEXICAN AFF)	58.5	58.5
14	Office of mexican affairs contracts	(MEXICAN AFF)	40.0	0.0
15	Office of mexican affairs other costs	(MEXICAN AFF)	27.0	18.5
TOTAL			838.1	408.6

ECONOMIC DEVELOPMENT

The purpose of the economic development program is to assist communities in preparing their role in the new economy, focusing on high-quality job creation and improved infrastructure so New Mexicans can increase their wealth and improve their quality of life.

**BUDGET SUMMARY
(dollars in thousands)**

			FY09 - 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,101.6	3,601.6	4,141.2	3,698.5	2.7
Other Transfers	0.0	0.0	0.0	100.0	***
SOURCES TOTAL	3,101.6	3,601.6	4,141.2	3,798.5	5.5
USES					
Personal Services and Employee Benefits	1,311.3	1,867.6	2,163.3	2,038.6	9.2
Contractual Services	1,497.9	905.0	1,721.6	1,534.6	69.6
Other	235.1	829.0	256.3	225.3	-72.8
TOTAL USES	3,044.3	3,601.6	4,141.2	3,798.5	5.5
FTE					
Permanent	26.0	26.0	29.0	29.0	11.5
TOTAL FTE POSITIONS	26.0	26.0	29.0	29.0	11.5

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
Outcome	Number of communities certified through the certified communities initiative	23	31	35	40	40
* Outcome	Total number of rural jobs created	2,192	1,451	2,200	1,150	1,500
Outcome	Number of urban jobs created	3,959	2,661	4,000	4,850	4,500
* Outcome	Total number of jobs created through business relocations facilitated by the economic development partnership	2,395	1,689	3,000	2,200	2,200
Outcome	Annual net increase in business expansions statewide		47	70	75	75
Outcome	Number of business expansions assisted by the economic development program in urban areas of New Mexico	35	34	35	35	35
Outcome	Number of business expansions assisted by the economic development department in rural New Mexico	35	13	35	40	40
Outcome	Number of workers trained by the job training incentive program		2,312	4,000	4,000	4,000
* Outcome	Percent of employees whose wages were subsidized by the job training incentive program still employed by the company after one year					60%
Outcome	Number of jobs created by aerospace and aviation companies	269	43	200	225	225
* Outcome	Annual net increase in jobs created due to economic development department efforts	6151	4,112	6,200	6,000	6,000
Outcome	Number of communities participating in mainstreet		27	28	30	35
Outcome	Number of international consulting sessions with New Mexico companies by office of international trade		463	450	450	500
Outcome	Number of international trade transactions		12	25	27	27
Output	Number of locates through the economic development partnership	9	8	15	12	12
Outcome	Number of ISO 9000 trained businesses		27	15	15	30
Outcome	Number of jobs created through business expansions		1,788	1,100	1,150	1,150
* Outcome	Number of jobs created by mainstreet		535	180	190	250

FILM

The purpose of the film program is to maintain the core business for film location services and stimulate growth in digital film media to maintain the economic vitality of the New Mexico film industry.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY07</u> <u>2006-2007</u> <u>Actuals</u>	<u>FY08</u> <u>2007-2008</u> <u>Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
			<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES					
General Fund Transfers	1,143.6	1,461.9	1,461.9	1,377.8	-5.8
SOURCES TOTAL	1,143.6	1,461.9	1,461.9	1,377.8	-5.8
USES					
Personal Services and Employee Benefits	534.1	712.5	789.5	784.9	10.2
Contractual Services	162.7	195.0	195.0	195.0	0.0
Other	261.4	554.4	477.4	397.9	-28.2
TOTAL USES	958.2	1,461.9	1,461.9	1,377.8	-5.8
FTE					
Permanent	12.0	12.0	12.0	12.0	0.0
TOTAL FTE POSITIONS	12.0	12.0	12.0	12.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Number of films and media projects principally made in New Mexico	72	59	80	80	80
Outcome	Economic impact of media industry productions in New Mexico, in millions	\$350	\$473.7	\$300	\$200	\$400
* Output	Number of media industry worker days	161,137	168,046	110,000	175,000	175,000

MEXICAN AFFAIRS

The purpose of the Mexican affairs program is to produce new high-paying employment opportunities for New Mexicans so they can increase their wealth and improve their quality of life.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	317.7	378.7	504.2	458.7	21.1
SOURCES TOTAL	317.7	378.7	504.2	458.7	21.1
USES					
Personal Services and Employee Benefits	171.5	212.2	272.4	272.4	28.4
Contractual Services	105.4	80.5	120.5	80.5	0.0
Other	76.8	86.0	111.3	105.8	23.0
TOTAL USES	353.7	378.7	504.2	458.7	21.1
FTE					
Permanent	3.0	3.0	4.0	4.0	33.3
TOTAL FTE POSITIONS	3.0	3.0	4.0	4.0	33.3

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Dollar value of New Mexico exports to Mexico as a result of the Mexican affairs program, in millions	\$166	\$359.8	\$350		\$350
Outcome	Number of new facilities opened by maquiladora suppliers		1	6		6
Output	Number of jobs created by maquiladora suppliers	18	20	275		200

TECHNOLOGY COMMERCIALIZATION

The purpose of the technology commercialization program is to increase the start-up, relocation and growth of technology-based businesses in New Mexico to give New Mexico citizens the opportunity for high-paying jobs.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	345.2	266.7	346.7	276.5	3.7
SOURCES TOTAL	345.2	266.7	346.7	276.5	3.7
USES					
Personal Services and Employee Benefits	282.6	229.0	314.0	242.6	5.9
Other	30.7	37.7	32.7	33.9	-10.1
TOTAL USES	313.3	266.7	346.7	276.5	3.7
FTE					
Permanent	3.0	4.0	4.0	3.0	-25.0
TOTAL FTE POSITIONS	3.0	4.0	4.0	3.0	-25.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Amount of investment as a result of office of science and technology efforts, in millions				\$10	\$10
* Output	Number of new angel investors found as a result of office of science and technology efforts				12	12
Output	Number of company contacts and counseling sessions				200	200
Output	Number of new jobs created as a result of office of science and technology efforts				200	200

PROGRAM SUPPORT

The purpose of program support is to provide central direction to agency management processes and fiscal support to agency programs to ensure consistency, continuity and legal compliance.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,409.9	3,673.1	3,766.1	3,588.8	-2.3
SOURCES TOTAL	2,409.9	3,673.1	3,766.1	3,588.8	-2.3
USES					
Personal Services and Employee Benefits	1,404.7	1,627.0	1,769.6	1,626.4	0.0
Contractual Services	472.0	1,734.7	1,685.5	1,675.5	-3.4
Other	323.1	311.4	311.0	286.9	-7.9
TOTAL USES	2,199.8	3,673.1	3,766.1	3,588.8	-2.3
FTE					
Permanent	23.0	23.0	24.0	22.0	-4.3
TOTAL FTE POSITIONS	23.0	23.0	24.0	22.0	-4.3

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of performance measure targets in the general appropriation act that were met					95%
Efficiency	Time to fill vacant positions from date position becomes vacant		60 days	60 days		60 days
Output	Number of payment vouchers accurately processed within seventy-two hours of receipt					

STATUTORY AUTHORITY:

The Regulation and Licensing Department (RLD) was created pursuant to Sections 9-16-1 through 9-16-14, 60-13-1 through 60-15-14, 60-3A-1 through 60-8A-19, and 60-2B-1 through 60-2B-14 NMSA 1978 as an executive agency. RLD was created as a unified agency vested with the responsibility to enforce and administer laws, rules, regulations and codes relative to licensure and regulation of construction and manufactured housing, financial institutions, securities, and alcohol. Through executive orders and legislative mandates, the department has gained the responsibility of licensing and enforcement for 31 professional boards and commissions.

The superintendent of Regulation and Licensing Department (RLD) is appointed by the governor and serves as the chief executive officer of the agency. By statute the department has a minimum of six divisions: Administrative Services, Construction Industries, Manufactured Housing, Financial Institutions, Securities, and Alcohol and Gaming. The six division directors are appointed by the superintendent with the approval of the governor.

BUDGET SUMMARY (dollars in thousands)						
	FY09 – 2008-2009					Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	15,352.9	16,698.1	19,362.0	16,896.7	1.2	
Other Transfers	920.0	1,522.1	1,285.0	1,285.0	-15.6	
Federal Revenues	26.5	109.0	109.0	109.0	0.0	
Other Revenues	7,367.1	6,543.3	7,616.0	7,805.5	19.3	
Fund Balance	38.6	1,906.7	1,465.5	1,214.3	-36.3	
SOURCES TOTAL	23,705.1	26,779.2	29,837.5	27,310.5	2.0	
USES						
Personal Services and Employee Benefits	16,258.8	19,344.6	21,043.1	19,736.2	2.0	
Contractual Services	624.0	1,470.3	1,307.5	1,136.2	-22.7	
Other	4,801.8	4,718.7	6,145.2	5,162.3	9.4	
Other Financing Uses	920.1	1,245.6	1,341.7	1,275.8	2.4	
TOTAL USES	22,604.7	26,779.2	29,837.5	27,310.5	2.0	
FTE						
Permanent	306.5	311.5	352.5	322.5	3.5	
Term	3.0	4.0	4.0	4.0	0.0	
TOTAL FTE POSITIONS	309.5	315.5	356.5	326.5	3.5	

BUDGET ISSUES:

The FY09 budget request submitted by RLD was incomplete, inaccurate with respect to revenue and expenditures, and did not include performance measures. Base budget requests for the Construction Industries and Financial Institutions Divisions declined, apparently to accommodate significant expansions. LFC worked with the individual divisions to gather much of the data and measures included in this document. The incomplete budget submission raises significant concerns regarding the effectiveness of RLD's fiscal division and its financial management. LFC expects additional revisions prior to the session.

The Construction Industries Division (CID) appropriation for FY07 increased by \$1.2 million and 17 FTE, primarily due to statewide concern regarding inspection delays. Nonetheless, at the end of FY07 CID submitted a budget adjustment request (BAR) transferring \$510 thousand from personal services and employee benefits to the other costs category for the purchase of vehicles, computers, and field equipment. For FY08, the Legislature appropriated an additional \$350 thousand to hire additional inspectors and address possible shortfalls. CID reports they have worked diligently to assess high construction and growth regions and have assigned additional FTE to Rio Rancho, Los Lunas, Belen, Socorro, Silver City, Sunland Park, Mesilla, Clovis, and Hobbs.

The Manufactured Housing Division (MHD) reports that half of all residential housing was manufactured housing in 2006. Manufactured housing is the primary source of affordable housing in the state. Due to the large quantity of repossessed manufactured homes on the market in New Mexico, homes are not being inspected prior to sale and some of these homes are in sub-standard condition. Current law allows anyone to convey or sell one manufactured home per year but because of the supply in the market, some individuals are purchasing multiple homes for resale. The division currently has over 100 homes under examination, sold by unlicensed individuals. An estimate of the demand on the division for these cases is approximately 2,000 hours of dedicated investigation work; therefore, the LFC recommends \$55 thousand for an FTE inspector for MHD.

The Securities Division regulates about 80,000 individuals and entities licensed under the act, including 1,576 broker-dealers, 75,606 sales representatives, 813 investment advisers, and 1,477 investment adviser representatives. According to SID, the number of licensees has increased from January 2006 by approximately 9.6 percent. In FY07 the Securities Division collected total revenues of \$16.8 million, a 12.2 percent increase in the amount of total revenue collected. In addition, mutual filings increased 7.8 percent in FY07 over FY06, and the division maintained relatively steady filings for registered offerings and exemptions in FY07 with 100 registered offerings and 705 exemption filings.

The Securities Division is coordinating a new commission on financial literacy to raise public awareness of financial issues in New Mexico and to better coordinate resources in support of this goal. The commission will expedite efforts to protect consumers from predatory lending.

As part of a tough stance on drunken driving and sales of alcohol to minors and intoxicated persons, the Alcohol and Gaming Division now may conduct a hearing seeking revocation of a liquor license if a licensee has received three or more violations for sales to minors or sales to intoxicated persons. Due to anticipated increases in the number of hearings and the need to contract for the services of hearing officers to hear cases, additional funding for in-state mileage, lodging, and contractual services is requested.

During the 2007 interim, LFC reviewed data regarding the administration and enforcement of alcohol license regulations. The Alcohol and Gaming Division (AGD) reported nine types of applications. According to the division, in FY07 it took an average of 139 days to process an application for transfer or issuance of a liquor license, missing its target of 120 days. In addition, an increased number of license applications are being received. AGD further reported that 272 license applications were received in 2005 and 502 license applications in 2006. At any given time, the division reports a caseload of approximately 300 applications, or 100 per hearing officer. LFC recommends Alcohol and Gaming develop an action plan to improve its complaint response times, streamline AGD regulations, and coordinate enforcement with Department of Public Safety investigators.

For the Program Support Division, LFC recommends a 4 percent increase, mostly in the other costs category to cover rising fuel costs and fund e-licensing programs for boards and commissions. Seven boards implemented online licensing renewals in FY07, bringing the total number of boards and commissions using e-licensing to 14. By the end of FY09, the agency hopes to have 100 percent of the boards, and 75 percent of all eligible licensees, using the online renewals process.

The Boards and Commission Program's existing organizational structure, with a small staff for each board, has resulted in considerable inefficiency, particularly in staffing and budgeting. RLD is developing a strategy to centralize administrative support in licensing, complaint resolution, archiving, record keeping, and budgetary support for all boards and commissions. According to the Department of Financial Administration, RLD submitted a request to unify their Boards and Commissions budget. Because some budgets are very small, RLD would like the ability to move funds, when necessary, among boards and commissions. If this did occur, RLD would have to submit four division budgets and one unified boards and commissions budget.

During the 2007 session, the Legislature enacted the Body Art Safe Practices Act to be administered by the Board of Barbers and Cosmetologists. The act requires the licensure of body artists and establishments, and the placement of safety regulations to protect the general public. The Legislature also appropriated \$300 thousand to the Board of Barbers and Cosmetologists for administration of this act. The LFC recommendation includes those recurring funds and authorizes \$60 thousand for hiring and training two inspectors to inspect body art establishments and determine compliance with the Body Art Safety Act.

During the 2007 session the Legislature created two additional boards, the Animal Sheltering Services Board and the Signed Language Interpreters Board. Both boards received an appropriation without specific FTE counts or specific language regarding how the funds should be distributed. Therefore the LFC recommendation authorizes 2 FTE for signed language interpreters and 4 FTE for animal sheltering.

BASE EXPANSION:

RLD requested 48.8 permanent positions. Of these requests, LFC recommends 11 FTE expansions. Limited increases were recommended due to the high rate of vacancies of the program requesting the expansion, the failure to provide adequate information, or because the expansion was not consistent with LFC guidelines.

LFC recommends two agency expansion requests to continue to expand electronic field operations. The revenue is transferred from the Public School Capital Outlay Council, which allocated \$100 thousand in FY08 but increased that amount to \$400 thousand through budget adjustment. The conversion to electronic operations has enabled CID to make improvements in the management of its field operations: contractors are able to obtain building permits at all times, inspections are generally provided

within 48 hours of the request; accurate information regarding the inspection of any project permitted by CID is available at virtually any computer, and CID is able to instantly retrieve information on any licensee and any applicant for licensure.

In anticipation of the effects of Laws 2007, Chapter 132 (House Bill 219), CID requested \$456 thousand to hire four inspectors. This measure required local jurisdictions to provide full-service building programs. Currently local jurisdictions may have a building program that provides services in only one construction discipline, such as general or electrical construction. The new law prohibits this practice by requiring that a local jurisdiction that chooses to have a building program must provide permitting and inspections services for all construction disciplines: general, mechanical, electrical, and plumbing. Currently, 33 jurisdictions have building programs; however, only 13 are full-service. It is anticipated that among the 20 jurisdictions currently offering less than full-service, some will choose to terminate their programs rather than expand them. If this occurs, CID will be required to provide permitting and inspection service in those jurisdictions. Although, the program may have its merits, the committee does not recommend the expansion without better certainty regarding its local government implementation.

The Financial Institutions Division requested \$721 thousand for 8 FTE to enhance examination and investigation of mortgage loan companies and brokers. LFC instead recommends FID reclassify some of the 14 currently vacant positions to bank examiners so that their Mortgage Lending Examination Program can be established.

LFC recommends \$75 thousand for an additional administrative law judge to help decrease delays in processing applications for issuance and transfer. The position will also act on citations issued and work with businesses to facilitate licensing process.

LFC recommends 2.4 FTE for the Signed Language Interpreters Board. The expansions require no additional funds since Laws 2007, Chapter 248 (Senate Bill 817), appropriated \$180 thousand in recurring funds for operational costs, \$72 thousand of which RLD budgeted for FTE.

LFC authorizes 4.6 FTE for the Animal Sheltering Services Board. Laws 2007, Chapter 60 (Senate Bill 458), appropriated \$192 thousand in recurring funds for staffing; however, the bill does not authorize FTE. The LFC recommendation includes \$80 thousand for staff and the remaining \$112 thousand in recurring funds for contractual services and other costs.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank	(Program)	Agency Request	LFC Recommendation
AGD admin law judges (2 FTE)	(ALCOHOL)	239.0	75.0
Animal sheltering staff (4.6 FTE)	(BRDS COMM)	0.0	0.0
Barbers/cosmetology inspectors (2 FTE)	(BRDS COMM)	0.0	0.0
Carnival ride insurance	(BRDS COMM)	223.8	0.0
CID additional fuel costs	(CNSTR IND)	81.1	40.0
CID call center	(CNSTR IND)	262.1	0.0
CID HB219 inspector (4 FTE)	(CNSTR IND)	599.2	0.0
CID IT equipment refresh	(CNSTR IND)	144.0	133.0
CID save smart energy conservation buildings	(CNSTR IND)	0.0	0.0
CID wireless connectivity	(CNSTR IND)	117.0	117.0
Employee leasing	(BRDS COMM)	199.2	0.0
FID develop mortgage lending examination prog	(FINANCIAL)	721.3	0.0
Hoising Operators Safety Act	(BRDS COMM)	298.3	0.0
MHD new investigators (2 FTE)	(CNSTR IND)	109.5	55.0
SEC restore FY 08 base reduction	(FINANCIAL)	117.0	70.0
<u>Signed language interpreters staff (2.4 FTE)</u>	<u>(BRDS COMM)</u>	<u>0.0</u>	<u>0.0</u>
TOTAL		3,111.5	490.0

BOARDS AND COMMISSIONS**BUDGET SUMMARY**
(dollars in thousands)

	FY07		FY08		FY09 - 2008-2009		Percent Incr (Decr)
	2006-2007 Actuals		2007-2008 Budgeted		Agency Request	LFC Recommendation	
SOURCES							
General Fund Transfers	0.0		192.0		899.7	145.7	-24.1
Other Transfers	0.0		475.0		180.0	180.0	-62.1
Other Revenues	7,248.9		6,242.8		7,330.5	7,269.9	16.5
Fund Balance	0.6		1,531.0		1,090.9	839.7	-45.2
SOURCES TOTAL	7,249.5		8,440.8		9,501.1	8,435.3	-0.1
USES							
Personal Services and Employee Benefits	3,767.6		4,730.9		5,954.6	5,148.3	8.8
Contractual Services	243.6		913.7		573.1	543.5	-40.5
Other	1,330.4		1,550.6		1,631.7	1,467.7	-5.3
Other Financing Uses	920.1		1,245.6		1,341.7	1,275.8	2.4
TOTAL USES	6,261.7		8,440.8		9,501.1	8,435.3	-0.1
FTE							
Permanent	80.8		80.8		104.8	89.8	11.1
TOTAL FTE POSITIONS	80.8		80.8		104.8	89.8	11.1

CONSTRUCTION INDUSTRIES AND MANUFACTURED HOUSING

The purpose of the construction industries and manufactured housing program is to provide code compliance oversight; issue licenses, permits and citations; perform inspections; administer examinations; process complaints; and enforce laws and rules relating to general construction and manufactured housing standards to industry professionals.

BUDGET SUMMARY
(dollars in thousands)

	FY07		FY08		FY09 - 2008-2009		Percent Incr (Decr)
	2006-2007 Actuals		2007-2008 Budgeted		Agency Request	LFC Recommendation	
SOURCES							
General Fund Transfers	9,169.8		9,832.8		11,141.2	10,020.8	1.9
Other Transfers	0.0		116.2		0.0	0.0	-100.0
Federal Revenues	26.5		109.0		109.0	109.0	0.0
Other Revenues	13.9		100.0		100.0	350.0	250.0
SOURCES TOTAL	9,210.2		10,158.0		11,350.2	10,479.8	3.2
USES							
Personal Services and Employee Benefits	6,910.2		8,196.9		8,435.9	8,121.4	-0.9
Contractual Services	64.3		60.2		179.1	74.0	22.9
Other	2,143.8		1,900.9		2,735.2	2,284.4	20.2
TOTAL USES	9,118.3		10,158.0		11,350.2	10,479.8	3.2
FTE							
Permanent	134.0		134.0		147.0	135.0	0.7
Term	3.0		3.0		3.0	3.0	0.0
TOTAL FTE POSITIONS	137.0		137.0		150.0	138.0	0.7

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Percent of consumer complaint cases resolved out of the total number of complaints filed	100%	82%	90%		90%
Outcome	Percent of permitted manufactured housing projects inspected	90%	100%	90%		100%
* Efficiency	Percent of reviews of commercial plans completed within a standard time based on valuation of project	100%	100%	80%		90%
Efficiency	Percent decrease in cycle time for processing plan review permitting for commercial construction	10%	10%			
Efficiency	Percent of inspections completed within forty-eight hours of receipt of request		70%	90%		90%
Efficiency	Percent of inspections completed within twenty-four hours of receipt of request		70%	40%		40%
Output	Percent of increase of unlicensed contractors identified and brought into compliance		10%	10%		10%

FINANCIAL INSTITUTIONS AND SECURITIES

The purpose of the financial institutions and securities program is to issue charters and licenses; perform examinations; investigate complaints; enforce laws and rules; and promote investor protection and confidence so that capital formation is maximized and a secure financial infrastructure is available to support economic development.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	<u>FY09 - 2008-2009</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,954.0	3,187.1	3,539.5	3,206.0	0.6
Other Revenues	64.3	123.8	120.0	120.0	-3.1
Fund Balance	38.0	375.7	374.6	374.6	-0.3
SOURCES TOTAL	3,056.3	3,686.6	4,034.1	3,700.6	0.4
USES					
Personal Services and Employee Benefits	2,434.2	2,944.0	2,946.3	2,884.0	-2.0
Contractual Services	128.0	207.3	207.3	207.3	0.0
Other	494.1	535.3	880.5	609.3	13.8
TOTAL USES	3,056.3	3,686.6	4,034.1	3,700.6	0.4
FTE					
Permanent	41.0	46.0	48.0	46.0	0.0
TOTAL FTE POSITIONS	41.0	46.0	48.0	46.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of statutorily complete applications processed within a standard number of days by type of application	99.8%	96.1%	90%		93%
Outcome	Percent of all mutual fund filings processed within ten business days	100%	100%	90%		90%
* Outcome	Percent of examination reports mailed to a depository institution within thirty days of exit from the institution or the exit conference meeting	100%	90%	90%		100%
Output	Average number of days to resolve a financial institution's complaint			365		365
Output	Average number of days to resolve a securities complaint			25		25

ALCOHOL AND GAMING DIVISION

The purpose of the alcohol and gaming program is to regulate the sale, service and public consumption of alcoholic beverages; regulate the holding, operating and conducting of certain games of chance by licensing qualified people; and, in cooperation with the department of public safety, enforce the Liquor Control Act and the Bingo and Raffle Act to protect the health, safety and welfare of the citizens of and visitors to New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	887.1	1,004.4	1,210.1	1,059.3	5.5
SOURCES TOTAL	887.1	1,004.4	1,210.1	1,059.3	5.5
USES					
Personal Services and Employee Benefits	772.0	890.9	1,026.1	922.9	3.6
Contractual Services	1.8	42.1	92.4	62.4	48.2
Other	92.6	71.4	91.6	74.0	3.6
TOTAL USES	866.4	1,004.4	1,210.1	1,059.3	5.5
FTE					
Permanent	15.0	15.0	17.0	16.0	6.7
TOTAL FTE POSITIONS	15.0	15.0	17.0	16.0	6.7

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Number of days to process a license application that requires a hearing	125	120	120		120
* Output	Number of days to resolve an administrative citation	48	30	65		46
* Outcome	Number of days to issue new or transfer liquor licenses	117	120	125		125

PROGRAM SUPPORT

The purpose of program support is to provide leadership and centralized direction, financial management, information systems support and human resources support for all agency organizations in compliance with governing regulations, statutes and procedures so they can license qualified applicants, verify compliance with statutes and resolve or mediate consumer complaints.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,342.0	2,481.8	2,571.5	2,464.9	-0.7
Other Transfers	920.0	930.9	1,105.0	1,105.0	18.7
Other Revenues	40.0	76.7	65.5	65.6	-14.5
SOURCES TOTAL	3,302.0	3,489.4	3,742.0	3,635.5	4.2
USES					
Personal Services and Employee Benefits	2,374.8	2,581.9	2,680.2	2,659.6	3.0
Contractual Services	186.3	247.0	255.6	249.0	0.8
Other	740.9	660.5	806.2	726.9	10.1
TOTAL USES	3,302.0	3,489.4	3,742.0	3,635.5	4.2
FTE					
Permanent	35.7	35.7	35.7	35.7	0.1
Term	0.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	35.7	36.7	36.7	36.7	0.1

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent of prior-year audit findings resolved	100%	58%	100%		100%
Outcome	Percent of agency performance measures achieved			90%		100%
Output	Percent of payment vouchers submitted to and approved by the department of finance and administration within seven days of receipt from vendor	90%	0%	90%		95%
Output	Percent of information service support tasks completed within the timeframe requested	75%	90%	90%		90%
Quality	Percent of accurate payroll and personnel information entered into human resource management system	90%	95%	90%		99%
Quality	Percent of customers satisfied with information service internal support services	75%		90%		90%
Outcome	Percent of information service support tasks completed within timeframe requested			90%		90%

PUBLIC ACCOUNTANCY BOARD

The purpose of the public accountancy board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

BOARD OF ACUPUNCTURE AND ORIENTAL MEDICINE

The purpose of the acupuncture and oriental medicine board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Output	Average number of days to process completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of phone calls returned within twenty-four hours	100%		90%		95%
Output	Average number of days to review and investigate a complaint	30		30		30
Efficiency	Average number of hours to respond to telephone complaints	24		24		24

NEW MEXICO ATHLETIC COMMISSION

The purpose of the athletic commission program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		90%		95%
Output	Average number of days to review and investigate a complaint	30		30		30
Efficiency	Percent of complaints processed and adjudicated annually	100%		100%		100%

ATHLETIC TRAINERS PRACTICE BOARD

The purpose of the athletic trainer practice board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		90%		95%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		90%

BOARD OF BARBERS AND COSMETOLOGY

The purpose of the barbers and cosmetology board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		85%		90%

CHIROPRACTIC BOARD

The purpose of the chiropractic board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		100%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

COUNSELING AND THERAPY BOARD

The purpose of the counseling and therapy board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		100%		100%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

NEW MEXICO BOARD OF DENTAL HEALTH CARE

The purpose of the dental health care board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		100%		100%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

INTERIOR DESIGN BOARD

The purpose of the interior design board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		100%		100%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

BOARD OF LANDSCAPE ARCHITECTS

The purpose of the landscape architects board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

BOARD OF MASSAGE THERAPY

The purpose of the massage therapy board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

BOARD OF NURSING HOME ADMINISTRATORS

The purpose of the nursing home administrators board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		20
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		100%
Output	Average number of days to review and investigate a complaint	30		30		25
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

NUTRITION AND DIETETICS PRACTICE BOARD

The purpose of the nutrition and dietetics practice board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

BOARD OF EXAMINERS FOR OCCUPATIONAL THERAPY

The purpose of the occupational therapy practice board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

BOARD OF OPTOMETRY

The purpose of the optometry board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

BOARD OF OSTEOPATHIC MEDICAL EXAMINERS

The purpose of the osteopathic medical examiners board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Outcome	Percent of complaints reviewed and processed annually	100%		90%		95%

BOARD OF PHARMACY

The purpose of the pharmacy board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5		5		5
* Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

PHYSICAL THERAPY BOARD

The purpose of the physical therapy board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

BOARD OF PODIATRY

The purpose of the podiatry board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

PRIVATE INVESTIGATORS AND POLYGRAPHERS ADVISORY BOARD

The purpose of the private investigators and polygraphers advisory board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

NEW MEXICO STATE BOARD OF PSYCHOLOGIST EXAMINERS

The purpose of the psychologist examiners board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

REAL ESTATE APPRAISERS BOARD

The purpose of the real estate appraisers board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Percent of complaints reviewed and processed annually	100%		90%		95%
Outcome	Percent of complaints processed and adjudicated annually	90%		90%		90%

NEW MEXICO REAL ESTATE COMMISSION

The purpose of the real estate commission program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

ADVISORY BOARD OF RESPIRATORY CARE PRACTITIONERS

The purpose of the respiratory care board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

BOARD OF SOCIAL WORK EXAMINERS

The purpose of the social work examiners board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

SPEECH LANGUAGE PATHOLOGY, AUDIOLOGY AND HEARING AID DISPENSING PRACTICES BOARD

The purpose of the speech language pathology, audiology and hearing aid dispensing practices board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Average number of days to process a completed application and issue a license	5		5		5
Outcome	Percent of complaints processed and adjudicated annually	100%		90%		95%
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

BOARD OF THANATOPRACTICE

The purpose of the thanatopractice board program is to provide efficient licensing, compliance and regulatory services to protect the public by ensuring that licensed professionals are qualified to practice.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Average number of days to process a completed application and issue a license	5		5		5
Outcome	Percent of complaints processed and adjudicated annually	100%		90%		95%
Efficiency	Average number of hours to respond to telephone complaints	24		24		24
Outcome	Percent of telephone calls returned within twenty-four hours	100%		98%		98%
Output	Average number of days to review and investigate a complaint	30		30		30
Output	Percent of complaints reviewed and processed annually	100%		90%		95%

STATUTORY AUTHORITY:

Article XI, Section 1, of the New Mexico Constitution created the Public Regulation Commission (PRC) in a merger of the former State Corporation and Public Utility commissions. PRC is composed of five elected members.

MISSION:

The mission of the PRC is to regulate utilities, telecommunications, motor carriers, and insurance industries to ensure fair and reasonable rates and to assure reasonable and adequate services to the public as provided by law; to promote public safety through the state fire marshal, the firefighter training academy, and pipeline safety bureau; and to register all corporations doing business in New Mexico.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent
2006-2007	2007-2008	Agency	LFC	Incr	
	Actuals	Budgeted	Request	Recommendation	(Decr)
SOURCES					
General Fund Transfers	10,582.2	11,165.6	13,339.2	11,433.1	2.4
Other Transfers	9,753.6	10,708.7	13,166.1	12,138.6	13.4
Federal Revenues	399.1	509.3	596.7	596.7	17.2
Fund Balance	12,102.3	12,112.6	12,349.2	12,278.2	1.4
SOURCES TOTAL	32,837.2	34,496.2	39,451.2	36,446.6	5.7
USES					
Personal Services and Employee Benefits	17,054.1	18,943.3	21,446.2	19,993.6	5.5
Contractual Services	1,034.3	1,522.9	1,662.2	1,597.2	4.9
Other	9,542.8	13,767.8	16,078.2	14,591.2	6.0
Other Financing Uses	0.0	262.2	264.6	264.6	0.9
TOTAL USES	27,631.2	34,496.2	39,451.2	36,446.6	5.7
FTE					
Permanent	275.0	282.0	300.0	283.0	0.4
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	276.0	283.0	301.0	284.0	0.4

BUDGET ISSUES:

After significant effort to hire and retain qualified personnel, the agency has maintained a relatively low vacancy rate, and the agency requested full funding for personal services and employee benefits. The committee recognizes the agency's progress in this area and assumes a small vacancy savings of 2.3 percent agency wide.

In accordance with LFC guidelines, the recommendation adequately funds current program and base needs. In FY09, the agency will incur significant new costs from General Services Department (GSD) and Department of Information Technology (DoIT) rates – a net increase of \$885.6 thousand. The bulk of this increase, \$592 thousand, comes from risk premiums for employee liability. Of the total increase, \$517 thousand is in the Policy and Regulation Program and Program Support, the two programs predominantly funded with general fund revenue.

PRC also will be required to pay rent for use of Marian Hall in FY09. The 2006 and 2007 General Appropriation acts authorized GSD to pay the rent at Marian Hall from the remaining proceeds of the sale of the La Villa Rivera building in October 2002. Nearly all of the \$11.4 million from the sale was depleted when the state leased back space in the building for state offices. While the state no longer has employees in La Villa Rivera, PRC employees are still working at Marian Hall.

PRC will be able to relocate its Marian Hall staff when the new Public Employees Retirement Association building is complete and PERA employees are relocated from the current PERA building. Because the agency should require funding for rent for only one more year, the committee recommends funding through the special appropriation process.

In addition to these new operating costs, the agency's base request included growth in the other costs category for travel, vehicle replacement, and outreach activities, among other activities. The committee recommends funding many of these activities but holds funding in other areas, such as transportation fuel, near the FY08 level. The agency did not request funding to replace vehicles in the programs funded by general fund revenues, preferring instead to request a special appropriation. In addition, to adequately fund operating cost obligations, revenue from the general fund for base requests is held relatively flat.

The agency requested additional base funding and a significant expansion of the Public Safety Program, which includes the State Fire Marshal's Office (SFMO), the State Firefighters Training Academy (SFTA), and the Pipeline Safety Bureau. Funding for SFMO and SFTA is appropriated from the fire protection fund, and the program expanded significantly in FY08. While the committee does not recommend the requested expansion for FY09, the recommendation assumes a low vacancy rate and provides increases in the other costs and contractual services categories. The recommendation also provides needed funding at the academy for better maintenance of its training facilities, as well as additional base funding for the Pipeline Safety Bureau.

Laws 2007, Chapter 152, (House Bill 466) phases-out the general fund reversion of the fire protection fund over a 15-year period. The general fund reversions are being diverted to a new fire protection grant fund. Revenue in this fund – \$24.6 million by FY21 – will be allocated by a fire grant council to fire districts around the state. The State Fire Marshal administers distributions from this grant fund, and the appointed council determines the award. The first distribution to the grant fund for FY07 was \$1.4 million. The FY08 distribution will be about \$3.3 million. It is important for the State Fire Marshal to ensure accountability for these funds available to the state's 390 fire districts.

The superintendent of insurance ordered a 6.3 percent reduction in title insurance rates in July 2007, and the rate decrease was appealed to the commission. New Mexico Land Title Association had asked for a 1.4 percent rate reduction, and the Insurance Division staff had recommended a 1.7 percent reduction. The agency requested additional funding to further study title rates in New Mexico, but the committee expects most the work on title insurance to be complete by FY09 and recommends, instead, the expansion of a property and casualty actuary.

In addition, lawsuits have been filed against the commissioners, the chief of staff, and the former superintendent, citing inappropriate rate setting for title insurance. Litigation is ongoing and the commission maintains that rates are set in accordance with statute and the New Mexico Constitution.

A 2005 LFC performance audit noted weaknesses in the collection of insurance premium taxes, particularly in the database and workload of staff. The agency continues to make improvements to the insurance department electronic automated licensing (IDEAL) database and is planning to increase automation through public access to the database via the Internet, online transactions, and document processing, among other improvements. These system enhancements are funded through bonds issued on revenue from a \$3 surcharge on agent appointment fees authorized by the Legislature in 1996 and reauthorized in 2005. Revenue in excess of bond obligations may be appropriated by the Legislature for system maintenance. The division may issue another bond in FY08 and will continue to collect the agent surcharge fee through FY09.

With premium tax collections of about \$172 million in FY07, the financial and auditing controls in the Insurance Division are critical. The Financial Audit Section must review company files to confirm gross premiums and the associated taxes due. About 1,700 insurance companies are licensed to do business in New Mexico, and just over 20 of these are domiciled in the state. The Insurance Division is required to examine the New Mexico companies – known as domestics – once every three years. The division relies on contract examiners to perform this work, and since the 2005 audit, the division has diversified its contract examiners and focused solely on the domestic responsibilities. For companies domiciled outside New Mexico, the division relies on the audits of the company's home state, as well as those performed by the National Association of Insurance Commissioners (NAIC). A current NAIC examination has uncovered possible shortfalls in premium tax payments by a major insurance company. New Mexico is working with other states, through NAIC, for settlement.

PRC performance measures are generally meaningful and are useful indicators of agency activities and performance. The agency added performance measures to track the provision of electricity from renewable energy sources and energy efficiency programs.

BASE EXPANSION:

The agency requested 11 expansion items totaling \$2.4 million. The largest of these is the \$1 million request for rent payments at Marian Hall. The committee recommends funding for rent through the special appropriation process.

The committee also supports the agency's request for a third actuary in the Insurance Division to expand review of property and casualty insurers. An additional actuary should assist the division and commission in reviewing price trends, insurance company financial statements, and company performance reports, among other areas.

RECOMMENDED LANGUAGE:

The internal services funds/interagency transfers appropriation to the policy and regulation program of the public regulation commission in the personal services and employee benefits category includes fifty thousand dollars (\$50,000) from the pipeline safety fund and one hundred two thousand dollars (\$102,000) from the insurance operations fund.

The internal service funds/interagency transfers appropriations to the insurance policy program of the public regulation commission include forty-two thousand four hundred dollars (\$42,400) from the title insurance maintenance assessment fund, one hundred six thousand one hundred dollars (\$106,100) from the insurance fraud fund, four hundred seventy-nine thousand seven hundred dollars (\$479,700) from the agents' surcharge fund, two hundred forty-nine thousand two hundred dollars (\$249,200) from the patients' compensation fund, and five million one hundred thirty-nine thousand five hundred dollars (\$5,139,500) from the insurance operations fund.

The internal service funds/interagency transfers appropriations to the insurance policy program of the public regulation commission include one million one hundred forty-nine thousand two hundred dollars (\$1,149,200) for the insurance fraud bureau from the insurance fraud fund.

The internal service funds/interagency transfers appropriations to the insurance policy program of the public regulation commission include three hundred seventy-nine thousand four hundred dollars (\$379,400) for the title insurance bureau from the title insurance maintenance assessment fund.

The internal service funds/interagency transfers appropriations to the public safety program of the public regulation commission include two million five hundred twenty-three thousand nine hundred dollars (\$2,523,900) for the office of the state fire marshal from the fire protection fund.

The internal service funds/interagency transfers appropriations to the public safety program of the public regulation commission include one million seven hundred forty-six thousand three hundred dollars (\$1,746,300) for the firefighter training academy from the fire protection fund.

The internal service funds/interagency transfers appropriations to the public safety program of the public regulation commission include eight hundred ninety-five thousand dollars (\$895,000) for the pipeline safety bureau from the pipeline safety fund.

The internal service funds/interagency transfers appropriations to program support of the public regulation commission include two hundred ninety-five thousand dollars (\$295,000) from the fire protection fund, eighty-five thousand four hundred dollars (\$85,400) from the insurance fraud fund, sixty-two thousand four hundred dollars (\$62,400) from the reproduction fund, forty thousand five hundred dollars (\$40,500) from the title insurance maintenance assessment fund, and fifteen thousand four hundred dollars (\$15,400) from the patient's compensation fund.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
01	Rent for Marian hall	(PRG SUPPORT)	1,000.0	0.0
02	Consumer outreach	(POLICY)	100.0	0.0
03	1 FTE -- OGC paralegal-B	(POLICY)	46.9	0.0
04	1 FTE -- account auditor-A	(PRG SUPPORT)	121.5	0.0
05	1 FTE -- exempt actuary	(INSURANCE)	107.9	107.9
06	2 FTE -- monitor Coop. compliance, FERC & FCC	(POLICY)	143.3	0.0
07	3 FTE -- Transportation app. & comp.	(POLICY)	162.1	0.0
08	1 FTE -- FFTA landscaping & grounds keeping-A	(PIPELINE)	43.0	0.0
09	1 FTE -- management analyst-A	(PRG SUPPORT)	60.2	0.0
10	6 FTE -- state fire marshal's office	(PIPELINE)	567.2	0.0
11	1 FTE -- paralegal-A	(INSURANCE)	55.7	0.0
TOTAL			2,407.8	107.9

POLICY AND REGULATION

The purpose of the policy and regulation program is to fulfill the constitutional and legislative mandates regarding regulated industries through rulemaking, adjudications and policy initiatives to ensure the provisions of adequate and reliable services at fair, just and reasonable rates so that the interests of the consumers and regulated industries are balanced to promote and protect the public interest.

BUDGET SUMMARY
(dollars in thousands)

	FY09 - 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	7,751.9	8,104.6	8,943.9	8,242.5	1.7
Other Transfers	13.0	141.4	202.0	152.0	7.5
SOURCES TOTAL	7,764.9	8,246.0	9,145.9	8,394.5	1.8
USES					
Personal Services and Employee Benefits	6,567.0	7,248.6	7,930.8	7,328.6	1.1
Contractual Services	146.6	256.1	256.1	256.1	0.0
Other	759.0	741.3	959.0	809.8	9.2
TOTAL USES	7,472.6	8,246.0	9,145.9	8,394.5	1.8
FTE					
Permanent	89.7	89.7	95.7	89.7	0.0
TOTAL FTE POSITIONS	89.7	89.7	95.7	89.7	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Dollar amount of credits and refunds obtained for New Mexico consumers through complaint resolution, in thousands	1,687	4,259	1,800	1,800	1,800
Output	Number of formal complaints processed by the transportation division	85	75	70	70	70
* Outcome	Comparison of average commercial electric rates between major New Mexico utilities and selected utilities in regional western states	+/-5%	0%	+/-5%	+/-5%	+/-5%
* Outcome	Comparison of average residential electric rates between major New Mexico utilities and selected utilities in regional western states				+/-5%	+/-5%
Efficiency	Kilowatt hours of electricity saved as a result of utility energy efficiency programs				1,000,000	1,000,000
Outcome	Therms of natural gas saved as a result of utility energy efficiency programs				2,000,000	2,000,000
* Outcome	The amount of kilowatt hours of renewable energy provided annually by New Mexico's electric utilities, measured as a percent of total retail kilowatt hours sold by New Mexico's electric utilities to New Mexico's retail electric utility customers				6%	6%
Output	Number of docketed cases completed	355	441	400	400	400
Explanatory	Number of docketed cases opened in a fiscal year	481	525	400	500	500
* Efficiency	Average number of days for a rate case to reach final order	196	295	<230	<230	<230
Efficiency	Percent of cases processed in less than the statutory time allowance	100%	100%	100%	100%	100%
Output	Percent of docketed cases closed in a fiscal year	76.9%	84%	75%	80%	80%

PUBLIC SAFETY

The purpose of the public safety program is to provide services and resources to the appropriate entities to enhance their ability to protect the public from fire and pipeline hazards and other risks as assigned to the public regulation commission.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	4,249.1	4,886.5	6,204.0	5,471.0	12.0
Federal Revenues	399.1	509.3	596.7	596.7	17.2
SOURCES TOTAL	4,648.2	5,395.8	6,800.7	6,067.7	12.5
USES					
Personal Services and Employee Benefits	2,850.6	3,305.2	3,981.0	3,510.3	6.2
Contractual Services	185.9	319.6	364.5	349.5	9.4
Other	1,128.9	1,771.0	2,455.2	2,207.9	24.7
TOTAL USES	4,165.4	5,395.8	6,800.7	6,067.7	12.5
FTE					
Permanent	47.3	52.3	59.3	52.3	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	48.3	53.3	60.3	53.3	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of statewide fire districts with insurance office ratings of eight or better	53%	59%	65%	65%	65%
* Outcome	Percent of fire departments' insurance service office (ISO) ratings of nine or ten that have been reviewed by survey or audit	100%	87%	90%	90%	90%
Output	Number of inspection and audit hours performed by the state fire marshals office	21,750	20,697	25,000	25,000	25,000
Output	Number of inspection and audit hours performed by the pipeline safety bureau	8,342	5,120	9,000	7,000	7,000
Output	Number of training contact hours delivered by the state fire marshal's office, state firefighter training academy and pipeline safety bureau	79,879	160,790		143,000	143,000
* Output	Number of personnel completing training through the state firefighter training academy	3,101	4,662	3,700	4,000	4,000
Output	Percent of counties and municipalities participating in the arson task force or partnerships with the state fire marshal	50%	54%	60%	60%	60%
Explanatory	Number of fire districts statewide	390	391	390	390	390
Quality	Pass rate for state certification exams administered by the state firefighter academy	95%	90%	85%	85%	90%

INSURANCE POLICY

The purpose of the insurance policy program is to assure easy public access to reliable insurance products that meet consumers' needs and are underwritten by dependable, reputable, financially sound companies that charge fair rates and are represented by trustworthy, qualified agents, while promoting a positive competitive business climate.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 - 2008-2009</u>					Percent Incr (Decr)
	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
Other Transfers	5,105.6	5,182.1	6,226.6	6,016.9	16.1	
Fund Balance	1,506.8	1,365.4	1,599.6	1,528.6	12.0	
SOURCES TOTAL	6,612.4	6,547.5	7,826.2	7,545.5	15.2	
USES						
Personal Services and Employee Benefits	4,985.5	5,362.2	6,218.5	6,037.6	12.6	
Contractual Services	457.1	392.7	496.5	446.5	13.7	
Other	950.0	792.6	1,111.2	1,061.4	33.9	
TOTAL USES	6,392.6	6,547.5	7,826.2	7,545.5	15.2	
FTE						
Permanent	86.0	87.0	89.0	88.0	1.1	
TOTAL FTE POSITIONS	86.0	87.0	89.0	88.0	1.1	

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of favorable evaluations from managed healthcare outreach presentation attendees			90%	90%	90%
Outcome	Percent of employers whose workers' compensation accident frequency is reduced through counseling, advice and training	68%	79%	70%	70%	70%
Output	Percent of insurance division interventions conducted with domestic and foreign insurance companies when risk-based capital is less than two hundred percent	100%	100%	100%	100%	100%
Output	Percent of producer applications, appointments and renewals processed within ten business days	40%	90%	75%	75%	80%
Output	Percent of insurance division interventions conducted with domestic and foreign insurance companies when their surplus is less than the minimum	100%	100%	100%	100%	100%
Output	Percent of domestic company examination reports adopted within eighteen months of the examination period	100%	100%	95%	95%	95%
Output	Percent of form and rate filings processed within ninety days	100%	100%	95%	95%	95%
* Output	Percent of internal and external insurance-related grievances closed within one hundred eighty days of filing	93%	100%	90%	90%	90%
Output	Number of managed healthcare outreach presentations conducted annually	93	99	100	100	100
* Efficiency	Percent of insurance fraud bureau complaints processed and recommended for either further administrative action or closure within sixty days	80%	85%	85%	85%	85%

PROGRAM SUPPORT

The purpose of program support is to provide administrative support and direction to ensure consistency, compliance, financial integrity and fulfillment of the agency mission.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,830.3	3,061.0	4,395.3	3,190.6	4.2
Other Transfers	385.9	498.7	533.5	498.7	0.0
SOURCES TOTAL	3,216.2	3,559.7	4,928.8	3,689.3	3.6
USES					
Personal Services and Employee Benefits	2,651.0	3,027.3	3,315.9	3,117.1	3.0
Contractual Services	40.0	119.5	110.1	110.1	-7.9
Other	437.0	412.9	1,502.8	462.1	11.9
TOTAL USES	3,128.0	3,559.7	4,928.8	3,689.3	3.6
FTE					
Permanent	52.0	53.0	56.0	53.0	0.0
TOTAL FTE POSITIONS	52.0	53.0	56.0	53.0	0.0

PERFORMANCE MEASURES

		FY06 <u>Actual</u> Unqual.	FY07 <u>Actual</u> Unqual.	FY08 <u>Budget</u> Unqual.	FY09 <u>Request</u> Unqual.	FY09 <u>Recomm</u> Unqual.
Outcome	Opinion of previous fiscal year independent agency audit					
Output	Number of prior-year audit findings eliminated	8	0			
Outcome	Percent of information technology projects completed within timeframe and budget referenced in the information technology project plan	0%	100%	100%	100%	100%
Outcome	Number of user sessions on public regulation commission webpage's				1,200,000	1,200,000
Outcome	Percent of total outstanding corporate revocations processed	50%	28%		100%	100%
Outcome	Percent of prior-year audit findings eliminated	100%	100%	100%	100%	100%
Explanatory	Percent increase in public use of info share				5%	5%
Explanatory	Number of prior-year audit findings	8	0		0	0
Efficiency	Percent of fully functional information technology applications systems	100%	100%	100%	100%	100%
Outcome	Percent reduction of information systems division costs and services for the agency	0%	6%			
Output	Average number of days to issue charter documents	100%		100%	15	15

PATIENT'S COMPENSATION FUND

**BUDGET SUMMARY
(dollars in thousands)**

	FY07		FY08		FY09 - 2008-2009		Percent Incr (Decr)
	2006-2007 <u>Actuals</u>		2007-2008 <u>Budgeted</u>		<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES							
Fund Balance	10,595.5		10,747.2		10,749.6	10,749.6	0.0
SOURCES TOTAL	10,595.5		10,747.2		10,749.6	10,749.6	0.0
USES							
Contractual Services	204.7		435.0		435.0	435.0	0.0
Other	6,267.9		10,050.0		10,050.0	10,050.0	0.0
Other Financing Uses	0.0		262.2		264.6	264.6	0.9
TOTAL USES	6,472.6		10,747.2		10,749.6	10,749.6	0.0
FTE							
TOTAL FTE POSITIONS	0.0		0.0		0.0	0.0	***

STATUTORY AUTHORITY:

The Medical Practice Act, Sections 61-6-1 through 61-6-35 NMSA 1978, establishes the Medical Board. The nine members of the board are appointed by the governor to staggered four-year terms.

MISSION:

The mission of the medical examiners is to protect the public from the improper, unprofessional, incompetent, and unlawful practice of medicine by implementing and enforcing the laws and regulations controlling the granting and use of the privilege to practice medicine.

BUDGET SUMMARY (dollars in thousands)						
	FY09 – 2008-2009					Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
Other Revenues	1,240.6	1,390.0	1,306.0	1,306.0	-6.0	
Fund Balance	296.4	102.7	336.9	281.2	173.8	
SOURCES TOTAL	1,537.0	1,492.7	1,642.9	1,587.2	6.3	
USES						
Personal Services and Employee Benefits	868.5	903.6	959.8	956.3	5.8	
Contractual Services	235.0	305.1	378.1	325.9	6.8	
Other	277.9	284.0	305.0	305.0	7.4	
Other Financing Uses	40.0	0.0	0.0	0.0	***	
TOTAL USES	1,421.4	1,492.7	1,642.9	1,587.2	6.3	
FTE						
Permanent	12.0	13.0	13.0	13.0	0.0	
TOTAL FTE POSITIONS	12.0	13.0	13.0	13.0	0.0	

BUDGET ISSUES:

The board is requesting an increase of \$56.2 thousand to the compensation and classification levels of employees within the licensing area of the department for salary adjustments made as a result of a reorganization of staff to improve service delivery. This increase has resulted in employee pay being aligned with job duties.

In FY07 30 physicians voluntarily entered into monitored treatment programs and 31 were mandated into a monitored treatment program by the board. This was a 9 percent increase over FY06.

The board maintains 7,082 physician licenses, with 4,346 maintaining a New Mexico address.

LICENSING AND CERTIFICATION

The purpose of the licensing and certification program is to provide regulation and licensure to medical doctors, physician assistants and anesthesiologist assistants and to ensure competent and ethical medical care to consumers.

PERFORMANCE MEASURES						
		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Output	Number of consumers provided with information through written license verification and website access	1,450,303	1,115,803	1,500,000	1,000,000	1,500,000
* Output	Number of tri-annual physician licenses issued or renewed	3010	2,937	3,623	2990	3623
* Output	Number of biennial physician assistant licenses issued or renewed	221	245	309	294	294
Output	Number of biennial anesthesiologist assistant licenses issued or renewed	1	5	5	8	8
Output	Number of complaints resolved within 12 months	154	220	160	115	160
Output	Number of participants in monitored treatment program	55	61	55	50	50
Outcome	Percent of participants who relapse	3.5%	9%	10%	10%	10%
* Outcome	Number of days to issue a physician license	85	78	80	80	80

STATUTORY AUTHORITY:

The Nursing Practice Act, Sections 61-3-1 through 61-3-31 NMSA 1978, establishes the seven-member Board of Nursing to regulate nursing schools and practice.

MISSION:

The mission of the Board of Nursing is to regulate nursing practice, nursing education, medication aide practice and education, and hemodialysis practice and education in the interest of public health, safety, and welfare.

BUDGET SUMMARY (dollars in thousands)						
	FY09 – 2008-2009					Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
Other Revenues	2,296.3	1,745.0	2,072.7	1,945.5	11.5	
SOURCES TOTAL	2,296.3	1,745.0	2,072.7	1,945.5	11.5	
USES						
Personal Services and Employee Benefits	868.9	1,059.3	1,181.9	1,188.6	12.2	
Contractual Services	62.6	195.5	263.5	213.5	9.2	
Other	352.8	490.2	627.3	543.4	10.9	
TOTAL USES	1,284.3	1,745.0	2,072.7	1,945.5	11.5	
FTE						
Permanent	15.0	18.0	19.0	19.0	5.6	
TOTAL FTE POSITIONS	15.0	18.0	19.0	19.0	5.6	

BUDGET ISSUES:

The nursing board is experiencing an increase in the number of nurses entering its Diversion Program. This program is designed to rehabilitate nurses whose competencies may be impaired because of the use or abuse of drugs or alcohol so that nurses can be treated and returned to or continue in the practice of nursing. Over the past three years the numbers of participants has increased more than 20 percent.

The number of licenses issued by the board for nurses in FY07 increased by 11.74 percent over FY08. This is a positive trend in addressing the state's nurse shortage.

The board has experienced an increase in the number of foreign nurses wishing to become licensed in New Mexico. This has had a positive impact on revenues. The board is monitoring this revenue stream closely because it might not be a reliable source of funding in the future.

The board budget request represents a 23 percent increase over the FY 08 operating budget. A fund balance of \$2.7 million is projected for the end of FY09.

BASE EXPANSION:

The nursing board is requesting \$57.3 thousand for a registered nurse diversion manager to handle the increased work load being experienced in the diversion program. The LFC supports this request.

BASE EXPANSION LISTING FY09 - 2008-2009				
Agency Rank	(Program)	Agency Request	LFC Recommendation	
1	<u>DIVERSION PROGRAM/CASE MANAGER</u>	<u>57.3</u>	<u>57.3</u>	
TOTAL		57.3	57.3	

LICENSING AND CERTIFICATION

The purpose of the licensing and certification program is to provide regulations to nurses, hemodialysis technicians, medication aides and their education and training programs so they can provide competent and professional healthcare services to consumers.

PERFORMANCE MEASURES

		FY06	FY07	FY08	FY09	FY09
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Percent of programs in full compliance	98%	98%	95%	95%	95%
* Output	Number of licenses issued	11,885	13,281	12,800	12,800	12,800
Output	Number of rule reviews	2	1	2	2	2
Quality	Number of public information announcements	6	3	4	4	4
Efficiency	Number of months to resolution of disciplinary matter	5	7.4	6	6	6
Efficiency	Number of days to issue a nurse license	12	14	14	14	14

STATUTORY AUTHORITY:

The State Fair and State Fair Commission are established in and governed by Sections 16-6-1 through 16-6-22 NMSA 1978.

MISSION:

The mission of the State Fair is to professionally operate year-round events and entertainment and to maintain event venues for public use and benefit that help build the infrastructure for the annual New Mexico State Fair.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent
2006-2007	2007-2008	Agency	LFC	Incr	
	Actuals	Budgeted	Request	Recommendation	(Decr)
SOURCES					
General Fund Transfers	0.0	0.0	348.0	348.0	***
Other Transfers	696.0	696.0	695.0	695.0	-0.1
Other Revenues	13,926.0	14,347.4	14,348.4	14,276.8	-0.5
SOURCES TOTAL	14,622.0	15,043.4	15,391.4	15,319.8	1.8
USES					
Personal Services and Employee Benefits	6,820.3	6,524.8	6,908.3	6,841.5	4.9
Contractual Services	3,083.0	3,747.5	3,830.2	3,830.3	2.2
Other	4,192.1	4,771.1	4,652.9	4,648.0	-2.6
TOTAL USES	14,095.4	15,043.4	15,391.4	15,319.8	1.8
FTE					
Permanent	59.0	77.0	78.0	78.0	1.3
Term	18.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	77.0	77.0	78.0	78.0	1.3

BUDGET ISSUES:

For FY09, the State Fair requested a general fund expansion of \$348 thousand and the addition of 1 permanent FTE. The committee recommends a base decrease of \$71.6 thousand in enterprise revenues and supports the agency request for an overall 1.8 percent increase, a \$348 thousand general fund increase for the operation of the African American Performing Arts Center. The recommendation includes a 5 percent vacancy rate.

During the 2007 legislative session the proposed budget was amended to convert 18 term employees to permanent status. The vacancy rates for the agency have been high--15 percent in 2005 and 18 percent in both 2006 and 2007. To date, the agency has 11 governor-appointed positions.

The agency is an enterprise agency that uses revenues derived from admission, concession, building rental, and other services to cover fair operations. The 2007 New Mexico State Fair saw a decrease of 3 percent in attendance but a 28 percent increase in admission revenue, and an 11 percent increase in parking revenue. Revenue from art sales and Tingley Coliseum concession and ticket sales decreased. Tingley Coliseum, the only major entertainment venue in the metro area from 1938 to 1996, has seen increasing competition and now must vie for attendance with more than nine other major venues.

Over the past three fiscal years, enterprise revenues have increased on average 5 percent, with expenses increasing an average of 1 percent. In 2004, the agency closed the fiscal year with a \$971 thousand deficit. Surplus revenues in 2005 and 2006 were not enough to eliminate the deficit. However, reserve levels grew from FY06 to FY07 from a negative \$260 thousand to a positive reserve level of \$272 thousand.

The fair faces the possibility of losing \$2 million in yearly rental revenue if the Albuquerque Downs racetrack and casino relocates. A new equestrian facility in Mesa del Sol and new entertainment venues could also draw business away from the fair.

Since 2005, the agency has received annual parimutuel tax revenues in the amount of \$1.2 million; \$965 thousand of the tax revenue pays debt service on a \$5.5 million negotiable bond issued by New Mexico Finance Authority. Funds derived from the bond are used for capital and infrastructure improvements on the fairgrounds. During FY07, more than \$8.6 million was spent on capital projects. Infrastructure projects were lighting, drainage, paving, a telephone system, a water plan, and sidewalk improvements. Other capital improvements were arena improvements and fire sprinkler system upgrades, kitchen exhaust hood fire suppression systems, evaporative cooler replacements, Indian village renovation, and new roofs for various buildings.

Although the agency uses parimutuel tax revenues to assist in maintaining the fairgrounds, capital outlay funds are still essential to the upkeep of the facilities. According to the agency's infrastructure capital improvement plan (ICIP) for FY09 the top three priorities are \$500 thousand to develop a master plan of the youth dorms, \$36 million for an exposition building, and \$11 million to design and construct a food court and central entertainment zone. The agency has invested \$65 thousand in an economic feasibility study. The committee requested a copy of the feasibility study, but had not received one at the time of publication. The committee recommends a second, more detailed economic feasibility analysis of the exposition plan prior to initiating the project.

BASE EXPANSION:

The agency requested a base expansion of \$348 thousand from the general fund for the operation of the African American Performing Arts Center (AAPAC) as well as the addition of 1 permanent FTE to run the AAPAC. The facility is on the fairgrounds and opened its doors June 2007. The funding for the operations during FY08 was included in the Office of African American Affairs (OAAA) operating budget. This expansion request would transfer the operating funds to the New Mexico State Fair.

RECOMMENDED LANGUAGE:

The internal services funds/intragency transfers appropriation to the New Mexico state fair includes in the other category six hundred ninety-five thousand dollars (\$695,000) from parimutuel revenues for debt service on negotiable bonds issued for capital improvements.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>	<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	African American performing arts center	348.0	348.0
TOTAL		348.0	348.0

STATE FAIR

The purpose of the state fair program is to promote the New Mexico state fair as a year-round operation with venues, events and facilities that provide for greater use of the assets of the agency.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of surveyed attendees at the annual state fair event rating their experience as satisfactory or better	94%	89.2%	94%	94%	94%
Output	Percent of counties represented through exhibits at the annual state fair	100%	100%	100%	100%	100%
* Output	Number of paid attendees at annual state fair event	476,083	511,824	500,000	550,000	550,000
* Output	Percent of surveyed attendees at the annual state fair event indicating the state fair has improved	48%	41%	48%	48%	48%
* Output	Number of total attendees at annual state fair event	680,628	738,664	675,000	750,000	750,000

STATE BOARD LICENSURE FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS

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STATUTORY AUTHORITY:

The Engineering and Surveying Act, Section 61-23-1 through 61-23-32 NMSA 1978, established a 10-member State Board of Registration for Professional Engineers and Surveyors to administer and exercise the authority granted by the act, including licensure and oversight. Approximately 7,078 engineers and surveyors currently are licensed to practice in New Mexico.

BUDGET SUMMARY (dollars in thousands)					
	<u>FY09 – 2008-2009</u>				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	531.1	591.9	649.9	645.3	9.0
Fund Balance	88.9	13.1	4.1	0.0	-100.0
SOURCES TOTAL	620.0	605.0	654.0	645.3	6.7
USES					
Personal Services and Employee Benefits	272.9	323.3	336.3	336.3	4.0
Contractual Services	60.8	63.0	80.1	80.1	27.1
Other	191.4	218.7	237.6	228.9	4.7
TOTAL USES	525.1	605.0	654.0	645.3	6.7
FTE					
Permanent	7.0	7.0	7.0	7.0	0.0
TOTAL FTE POSITIONS	7.0	7.0	7.0	7.0	0.0

BUDGET ISSUES:

The board is requesting use of \$4.1 thousand in fund balance for FY09. This would leave a projected fund balance of \$317.2 thousand at the end of FY09. This is approximately 48 percent of its proposed budget.

The Board has not initiated License 2000 online registration software. Expenses related to programming are still an impediment, as are ongoing service requirements.

REGULATION AND LICENSING

The purpose of the regulation and licensing program is to regulate the practices of engineering and surveying in the state as they relate to the welfare of the public in safeguarding life, health and property and to provide consumers with licensed professional engineers and licensed professional surveyors.

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
Outcome	Percent of consumers requesting and provided with information	100%	100%	100%	N/A	N/A
Output	Number of examinations administered	515	532	500	500	500
* Output	Number of licenses or certifications issued	517	595	550	600	600
Output	Number of complaints processed	60	40	58	50	50
Efficiency	Percent of cases resolved through compliance or legal action within one year	96%	90%	96%	97%	97%

STATUTORY AUTHORITY:

Sections 60-2E-1 through 60-2E-62 NMSA 1978, the Gaming Control Act, establish the primary functions and authority of the Gaming Control Board (GCB). This authority includes licensing, regulation, and enforcement of the provisions of the act. GCB also monitors all activity authorized in the Indian gaming compacts (Section 11-13-1 NMSA 1978) and designates the tribal gaming representative. An executive director leads six divisions: Enforcement, Audit and Compliance, Information Systems, Administrative Services, Licensing, and Legal.

The board consists of four members appointed by the governor and confirmed by the Senate and the chairman of the State Racing Commission. The statute requires a member from the public, a member with a law enforcement background, a lawyer, and a certified public accountant.

MISSION:

The mission of the Gaming Control Board is to protect the public interest and to maximize gaming tax revenue by ensuring the integrity of gaming in the state of New Mexico.

BUDGET SUMMARY (dollars in thousands)						
FY09 – 2008-2009						
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	6,149.1	6,332.6	6,611.5	6,379.4	0.7	
SOURCES TOTAL	6,149.1	6,332.6	6,611.5	6,379.4	0.7	
USES						
Personal Services and Employee Benefits	3,616.7	4,218.3	4,447.8	4,268.1	1.2	
Contractual Services	804.5	740.7	740.7	740.7	0.0	
Other	1,617.0	1,373.6	1,423.0	1,370.6	-0.2	
TOTAL USES	6,038.2	6,332.6	6,611.5	6,379.4	0.7	
FTE						
Permanent	63.0	63.0	63.0	63.0	0.0	
Temporary	0.5	0.5	0.5	0.5	0.0	
TOTAL FTE POSITIONS	63.5	63.5	63.5	63.5	0.0	

BUDGET ISSUES:

The Gaming Control Board requested a relatively flat budget and no expansion was requested. The committee recommendation is also relatively flat, reflecting a 0.7 percent increase to the operating budget that includes a 1 percent vacancy factor. The increases to personal services and employee benefits and the other category reflect GSD rate.

During the 2005 regular legislative session, the Legislature approved the transfer of regulatory authority over bingo and raffle activity pursuant to the Bingo and Raffle Act to GCB (Laws 2005, Chapter 349) and in the 2007 legislative session, GCB received 3 FTE for the purpose of conducting audit and compliance set forth in the act. Although the ratio of tax collected versus cost of regulating bingo and raffle is not as great as it is for gaming or racing, regulation of it ensures that the nonprofits are using the funds for the intended lawful purpose. GCB reports that for every \$1 it spends on regulating racetracks and casinos \$29.70 is collected, and \$95.70 is collected from tribal gaming oversight. However, only 0.097 cents is collected in taxes from bingo and raffle for every \$1 GCB spends and regulating nonprofit gaming yields .50 cents to every dollar GCB spends.

Indian gaming was extended until 2036 in the 2007 addendum to the state-tribal compacts. The addendum will help GCB monitor tribal gaming because the new compact standardized reporting net win by tribes, which enhances transparency of the deduction tribes take. It also requires tribes to perform self-audits that will serve as a tool for GCB in its audit process. GCB has been achieving its performance measure to ensure that tribal quarterly payments to the state match the audited financial statements received from the tribes. In 2005 actual tribal quarterly payments to the state were 6.25 percent below the audited financial statements received; in 2006, the variance was 3.09 percent. Since October 2006 GCB has collected \$756 thousand in improper or noncompliant deductions from tribes and pueblos. The committee remains concerned that although tribal gaming is monitored by federal, state, and tribal gaming commissions, these entities may lack adequate resources or independence; therefore, better publicly available compliance data would be useful.

In FY05, the Legislature appropriated \$2.2 million for a central monitoring system to oversee fairness in gaming at racetracks and nonprofit casinos. GCB reports that the system performs as specified; however, GCB continues to run an old system until it

can migrate nonprofit gaming to the new system. GCB expects to have all slot machines reporting to the new system by April 2008. The committee looks forward to GCB completing the migration by its stated date.

GAMING CONTROL BOARD

The purpose of the gaming control board is to provide strictly regulated gaming activities and to promote responsible gaming to the citizens of New Mexico so they can attain a strong level of confidence in the board's administration of gambling laws and assurance that the state has honest and competitive gaming free from criminal and corruptive elements and influences.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Ratio of gaming revenue generated to general funds expended	22:1	25:1	21:1	21:1	22:1
* Output	Percent variance identified between actual tribal quarterly payments to the state and the audited financial statements received from the tribe (FY06=CY05, FY07=CY06)	6.25%	3.09%	<10%	<10%	<10%
* Quality	Percent of time central monitoring system is operational	100%	100%	100%	100%	100%
Output	Percent of violations by licensed gaming operators			20%	20%	20%
Output	Percent decrease in repeat violations by licensed gaming operators	100%	100%	90%	90%	90%
Output	Percent of bingo and raffle licensees correctly meeting the reporting requirements				75%	75%
Quality	Percent of work permit and work permit renewal licensees processed within seventy-two hours				90%	90%

STATUTORY AUTHORITY:

The primary functions of the State Racing Commission as defined in Sections 60-1-1 through 60-1-26 NMSA 1978 are to license horseracing industry participants, make rules and regulations surrounding the operations of race meets, and set race dates.

	BUDGET SUMMARY (dollars in thousands)				
			<u>FY09 – 2008-2009</u>		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,253.4	2,363.1	3,001.4	2,394.1	1.3
SOURCES TOTAL	2,253.4	2,363.1	3,001.4	2,394.1	1.3
USES					
Personal Services and Employee Benefits	1,087.2	1,217.6	1,273.2	1,177.4	-3.3
Contractual Services	645.6	865.4	1,421.9	925.0	6.9
Other	436.4	280.1	306.3	291.7	4.1
TOTAL USES	2,169.2	2,363.1	3,001.4	2,394.1	1.3
FTE					
Permanent	17.3	17.3	18.3	17.3	0.0
Term	0.7	0.6	0.6	0.6	0.0
Temporary	1.8	1.8	1.8	1.8	0.0
TOTAL FTE POSITIONS	19.8	19.7	20.7	19.7	0.0

BUDGET ISSUES:

The State Racing Commission (SRC) requested a 27 percent increase, including expansion. The majority of the increase, or \$556.5 thousand, is due to a rise in contractual costs for equine testing and the need for attorney services. The committee recommends a 1.3 percent increase, including a 6.9 percent increase for contractual services.

Equine drug testing, conducted on winning horses at live race meets and any other horse as ordered by the commission or the stewards, adds to the public confidence that horse racing is being closely regulated. In FY06 0.9 percent of horses tested positive for illegal substances; in FY07 it increased to 1.3 percent. SRC reports it tested more horses in FY07 and requests a budget increase in FY09 to test even more horses. According to SRC, the more horses it is able to test, the less likely illegal drugs will be used. Currently, SRC contracts with Iowa State University (ISU) but New Mexico State University (NMSU) plans to add this service and is modeling its equine drug testing facility after the ISU facility. Once complete, the commission will use NMSU solely for equine urine and blood tests.

Horse racing purses grew from \$53.1 million in calendar year 2005 to \$60 million in 2006, a 13.1 percent increase. Gaming machine revenue is also paid into horse racing purses and increased from \$46 million in FY06 to \$49.1 million in FY07, a 7 percent increase. In calendar year 2007, there were 273 race days, and in 2008 there will be a total 293 race days at New Mexico's six race tracks: SunRay Park, Farmington; Zia Park, Hobbs; Sunland Park; Ruidoso Downs; Downs at Albuquerque; and Expo New Mexico. The commission contracted with an attorney to examine Albuquerque Downs' proposal to move its license to a new facility planned for Moriarty. At this time the Albuquerque Downs' proposal has been tabled while the commission considers whether or not to accept Albuquerque Downs' proposal as a renewal application or require the Downs to submit a new application. The commission will also need to obtain input from tribal gaming representatives.

In accordance with laws and regulation enacted by the Legislature and the State Racing Commission, the New Mexico Horse Breeders Association distributes incentive award monies to New Mexico-bred horses. In 2005, 1,231 races were strictly for New Mexico-bred horses. Sixty races were added in 2006, for a total of 1,291 New Mexico bred-only horse races, compared with 3,616 races open to all horses. In 2006, the amount won by New Mexico-bred horses was \$17 million, a 17.2 percent increase over 2005. In 2006, out-of-state horses won \$24.2 million, a 24 percent increase over 2005.

The purses were enhanced for New Mexico-bred horses by \$10.5 million in 2007. The industry relies on purses for job stability and economic growth. A 2006 report by New Mexico State University found that for 2004 the horse-racing industry expenditures were \$357 million, and the industry created 3,590 jobs. In the same year, the revenue generated for New Mexico by horse racing was \$574 million.

SRC now shares a building with the Gaming Control Board and has benefited from the information technology and licensing services provided by GCB.

BASE EXPANSION:

SRC requested a \$42.6 thousand expansion for an investigator and \$42.6 thousand for a financial specialist to assist the administrative manager. The committee recommends the commission develop an action plan to justify that extra FTE are needed.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Financial Specialist Expansion	(RACING COMM)	42.6	0.0
2	Investigator	(RACING COMM)	42.6	0.0
TOTAL			85.2	0.0

STATE RACING COMMISSION

The purpose of the horse racing regulation program is to provide regulation in an equitable manner to New Mexico's parimutuel horse racing industry and to protect the interest of wagering patrons and the state of New Mexico in a manner that promotes a climate of economic prosperity for horsemen, horse owners and racetrack management.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of equine samples testing positive for illegal substances	.9%	1.3%	0.8%	.8%	.8%
Outcome	Percent of prior-year audit findings resolved		70%	100%	100%	100%
Outcome	Timely collections of penalty fees by licensee to the general fund		30	30	30	30
Output	Total amount collected from parimutuel revenues, in millions	\$.900	\$ 1.9	\$ 1.0	\$ 1.0	\$ 1.25
Output	Number of audit exceptions noted on annual financial statement	10	4	0	0	0
* Efficiency	Average regulatory cost per live race day at each racetrack	\$3,200	\$3,900	\$4,000	\$4,300	\$4,000
Efficiency	Average number of days to close investigation cases	30	30	30	30	30

STATUTORY AUTHORITY:

The seven-member Board of Veterinary Medicine was established under the Veterinary Practice Act, Sections 61-14-1 through 61-14-20 NMSA 1978. Approximately 1,100 veterinarians are registered to practice in New Mexico.

		BUDGET SUMMARY (dollars in thousands)				
		FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 – 2008-2009		Percent Incr (Decr)
				Agency Request	LFC Recommendation	
SOURCES						
	Other Revenues	270.3	264.9	268.4	268.4	1.3
	Fund Balance	4.5	29.7	30.9	30.9	4.0
	SOURCES TOTAL	274.8	294.6	299.3	299.3	1.6
USES						
	Personal Services and Employee Benefits	139.5	150.4	150.7	150.7	0.2
	Contractual Services	93.1	89.5	94.5	94.5	5.6
	Other	42.0	54.7	54.1	54.1	-1.1
	TOTAL USES	274.6	294.6	299.3	299.3	1.6
FTE						
	Permanent	3.0	3.0	3.0	3.0	0.0
	TOTAL FTE POSITIONS	3.0	3.0	3.0	3.0	0.0

BUDGET ISSUES:

The board projects a cash balance at the end of FY09 of \$160 thousand.

VETERINARY LICENSING AND REGULATORY

The purpose of the veterinary licensing and regulatory program is to regulate the profession of veterinary medicine in accordance with the Veterinary Practice Act and to promote continuous improvement in veterinary practices and management in order to protect the public.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent of New Mexico registered veterinary technicians employed in state	96%	91%	96%	90%	96%
Outcome	Percent of New Mexico-licensed veterinarians employed in the state	59%	59%	60%	60%	60%
Outcome	Percent of formal complaints resolved without disciplinary action	75%	72%	85%	80%	85%
Outcome	Percent of complaints resolved through adjudication	25%	28%	15%	15%	15%
Outcome	Percent of inspected facilities requiring a plan of correction	45%	36%	35%	N/A	N/A
Outcome	Percent of facilities requiring adjudication to meet minimum standards	15%	13%	5%	10%	10%
Outcome	Percent of facilities in full compliance	55%	84%	75%	84%	84%
Outcome	Attrition rate of all licensees annually	3%	3%	5%	5%	5%
Output	Number of facilities inspected annually	139	134	144	144	144
Output	Number of months to resolution of disciplinary matter	5.1	7.4	6	6	6
* Output	Number of veterinarian licenses issued annually	56	70	60	60	60
Output	Number of facility licenses issued annually	24	15	10	10	10
Output	Number of registered veterinary technicians licenses issued annually	8	15	12	12	12
Output	Number of artificial insemination and pregnancy diagnosis permits issued annually	1	0	5	3	3

STATUTORY AUTHORITY:

The Cumbres and Toltec Scenic Railroad Compact was ratified by the New Mexico and Colorado legislatures and given the consent of Congress in 1974. Ratification of the compact and statutory authorization of the commission appears in Sections 16-5-1 through 16-5-13 NMSA 1974 (the Cumbres and Toltec Scenic Railroad Act) and Sections 24-60-1901 through 24-60-1908 of the Colorado Revised Statutes. The compact was ratified by Congress and approved by the president on October 24, 1974. The commission comprises four members, two from New Mexico and two from Colorado, appointed by the governors of each state.

MISSION:

The mission of the Cumbres and Toltec Scenic Railroad Commission is to preserve and develop the Cumbres and Toltec Scenic Railroad, a historic 19th century railroad "museum on wheels," for the education, enlightenment, and enjoyment of future generations.

BUDGET SUMMARY						
(dollars in thousands)						
				FY09 – 2008-2009		
		FY07	FY08	Agency	LFC	Percent
		2006-2007	2007-2008	Request	Recommendation	Incr
		Actuals	Budgeted			(Decr)
SOURCES						
General Fund Transfers		100.0	100.0	100.0	100.0	0.0
Other Transfers		510.0	100.0	100.0	100.0	0.0
Other Revenues		2,759.9	3,185.4	3,413.0	3,410.5	7.1
SOURCES TOTAL		3,369.9	3,385.4	3,613.0	3,610.5	6.6
USES						
Personal Services and Employee Benefits		116.7	143.0	139.7	137.2	-4.1
Contractual Services		2,762.7	3,203.4	3,432.2	3,432.2	7.1
Other		34.4	39.0	41.1	41.1	5.4
TOTAL USES		2,913.8	3,385.4	3,613.0	3,610.5	6.6
FTE						
Permanent		3.0	3.0	2.9	2.9	-4.0
Temporary		0.1	0.1	0.0	0.0	-100.0
TOTAL FTE POSITIONS		3.1	3.1	2.9	2.9	-7.1

BUDGET ISSUES:

The 2007 season saw the continuation of a two-year trend of higher ridership and revenues for the railroad. As of the end of the season, October 14, 2007, ridership was approximately 7 percent higher than calendar year 2006 with a final ridership for 2007, including special Christmas trains, expected to reach 44,000. Ticket revenue of approximately \$3 million represents a 14 percent increase over 2006 due in part to higher ticket prices, as well as higher first-class ridership.

The railroad has benefited from significantly improved fire conditions, a more aggressive marketing campaign, and the management of the Cumbres and Toltec Scenic Railroad Corporation.

The railroad has embarked on a five-year plan to address its greatest need, refurbishing track and engines. In 2006 and 2007 the Legislature appropriated \$1 million each year for track and engine improvements and an additional \$50 thousand in FY07 for passenger car repair. In FY07, Colorado allocated \$80 thousand to refurbish the Chama shop and ash pit. However, even with these capital appropriations, the deferred maintenance for the railroad is estimated to be as high as \$32 million, and it will take significant appropriations to meet all of the railroad's needs and maintain the progress that has been made.

It was expected that part of the appropriations from New Mexico would be used to refurbish a fourth engine. Unfortunately work on the engine was not completed before the beginning of the 2007 season. Completing the refurbishment of the fourth engine should be a priority going into the 2008 season.

To support further capital appropriations, the railroad should develop performance measures that help the Legislature measure the level of improvements in track and engine refurbishing and maintenance, and other capital projects.

The request of \$100 thousand from the general fund for FY09 is the same as appropriated by the Legislature for FY08 and is matched by \$100 thousand from Colorado. A technical adjustment to the personal services and employee benefits category reduced that category by \$2.5 thousand to reflect that appropriate amount for the Federal Insurance Contributions Act line item.

RECOMMENDED LANGUAGE:

Any revenues generated by the Cumbres and Toltec scenic railroad commission in fiscal year 2009, such as ticket sales, are appropriated to the Cumbres and Toltec scenic railroad commission for use towards operating expenses of the railroad.

CUMBRES AND TOLTEC SCENIC RAILROAD COMMISSION

The purpose of the Cumbres and Toltec scenic railroad commission is to provide railroad excursion into the scenic San Juan mountains.

PERFORMANCE MEASURES

		<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY09</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Outcome	Total number of passengers	33,023	41,583	45,000	45,000	45,000
Output	Revenue generated from ticket sales, in millions	\$2.182	\$2.696	\$2.636	\$3.053	\$3.053

STATUTORY AUTHORITY:

The Office of Military Base Planning and Support was created in 2003 pursuant to the Office of Military Base Planning and Support Act, Sections 9-15-48 through 9-15-51 NMSA 1978, and is administratively attached to the Economic Development Department.

BUDGET SUMMARY (dollars in thousands)						
FY09 – 2008-2009						
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	150.0	154.3	154.3	154.3	0.0	
SOURCES TOTAL	150.0	154.3	154.3	154.3	0.0	
USES						
Personal Services and Employee Benefits	100.8	101.2	108.4	108.4	7.1	
Contractual Services	22.4	20.0	20.0	20.0	0.0	
Other	23.7	33.1	25.9	25.9	-21.8	
TOTAL USES	146.9	154.3	154.3	154.3	0.0	
FTE						
Term	3.0	1.0	1.0	1.0	0.0	
TOTAL FTE POSITIONS	3.0	1.0	1.0	1.0	0.0	

BUDGET ISSUES:

By statute, the Office of Military Base Planning and Support (OMBPS) resides in the Department of Homeland Security and is administratively attached to the Economic Development Department. The enabling statutes for the office and commission "sunset" on July 1, 2010.

With two budget years remaining, the office has requested a flat budget to continue its service to the military base communities in New Mexico. OMBPS is assisting the community of Clovis as Cannon Air Force Base transitions to a new mission. The agency is also working to identify new missions for Holloman Air Force Base in Alamogordo and is addressing land use issues around Ft. Bliss in southern New Mexico.

The office's budget supports 1 FTE, administrative support through a contract with Keystone International, and travel and other expenses for the office and the 17 member Military Base Planning Commission.

Although specific numbers have not been provided by the Air Force, Clovis will experience a swing of several thousand personnel as the outgoing F-16 air wing is redeployed and the new special operations wing arrives. The transition is scheduled to be complete (all new planes and personnel in place) by 2011.

The Government Accountability Office (GAO) is reviewing the Air Force's decision to relocate the special operations wing at Cannon. Davis-Monthan AFB in Arizona was also being considered for the new mission.

The Legislature in 2005 appropriated \$5 million in capital outlay funds for land acquisition at Cannon if a new mission were found. To date the money has not been spent; negotiations with the Air Force for its use began in fall 2007. The funding was appropriated as a sign of the state's commitment to Cannon, and the Air Force was unwilling to discuss its use prior to completion of the environmental impact statement. The bonds were sold in June 2006, well before any anticipated use of the funds, and it appears unlikely that at least 85 percent of bond proceeds will be spent within three years after issuance.

The Legislature has also created two exemptions from gross receipts taxes for programs and construction at New Mexico's military bases. Laws 2007, Chapter 172, created a gross receipts tax deduction for receipts from military construction services provided at Cannon Air Force Base and a gross receipts deduction for the provision of research, development, testing, and evaluation services for the U.S. Air Force operationally responsive space program at Kirtland Air Force Base. The economic impact is estimated at \$478 thousand and \$105 thousand, respectively.

OFFICE OF MILITARY BASE PLANNING AND SUPPORT

The purpose of the office of military base planning and support is to provide advice to the governor and lieutenant governor on New Mexico's four military installations, to work with community support groups, to ensure that state initiatives are complementary of community actions and to identify and address appropriate state-level issues that will contribute to the long-term viability of New Mexico military installations.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
*	Outcome	Number of community support organizations benefitting from the activities of the commission and the office		3	3	3
	Outcome	Number of military units impacted by the activities of the commission and the office		5	5	5
	Output	Number of communities assisted by the office			5	5

STATUTORY AUTHORITY:

The Spaceport Authority was created pursuant to the Spaceport Development Act, Sections 58-31-1 through 58-31-17 NMSA 1978, and is administratively attached to the Economic Development Department.

MISSION:

The mission of the Spaceport Authority is to plan, develop, and operate the world's first inland commercial spaceport.

	BUDGET SUMMARY					
	(dollars in thousands)					
	FY07	FY08	FY09 – 2008-2009		Percent	
2006-2007	2007-2008	Agency	LFC	Incr		
	Actuals	Budgeted	Request	Recommendation	(Decr)	
SOURCES						
General Fund Transfers	257.7	365.2	1,939.0	663.6	81.7	
Fund Balance	6.6	0.0	0.0	0.0	***	
SOURCES TOTAL	264.3	365.2	1,939.0	663.6	81.7	
USES						
Personal Services and Employee Benefits	193.1	322.8	893.9	517.3	60.3	
Contractual Services	0.0	0.0	675.0	25.0	***	
Other	60.2	42.4	370.1	121.3	186.1	
TOTAL USES	253.3	365.2	1,939.0	663.6	81.7	
FTE						
Permanent	3.0	3.0	8.0	5.0	66.7	
TOTAL FTE POSITIONS	3.0	3.0	8.0	5.0	66.7	

BUDGET ISSUES:

The Spaceport Authority, established in the 2005 session, is an independent agency tasked with development of a spaceport in southern New Mexico to create a space tourism industry in the state. The environmental impact statement (EIS) is not yet complete; the agency expects a Federal Aviation Administration license in fall 2008. Lease negotiations with Virgin Galactic, the spaceport's primary user, are ongoing. DMJM, Inc., is the architecture and engineering firm contracted for design and construction of the spaceport. Norman Foster and Associates is the architecture firm selected to design the terminal and hanger.

While the agency requested a quadrupling of its budget for FY09, a near doubling is sufficient. The recommendation includes 2 FTE – a technical director and an administrative manager, with the latter position and \$67.7 thousand in general fund revenue transferred from EDD's Office of Science and Technology Commercialization. The committee recommendation assumes EDD will continue to provide marketing and legal services for the agency. In addition, the committee finds the expansion positions and the existing staff should be able to manage the contracts necessary to develop the spaceport.

With \$115.1 million appropriated in capital outlay funds to the Spaceport Authority and another \$10 million for roads around the spaceport from GRIP II to the NM Department of Transportation, the Legislature has made a significant commitment to the project. Its promise to make New Mexico a leader in the nascent space tourism industry, however, won't be realized for several years, and the risks for the state's investment remain high.

After the contingencies were effectively removed on the first installment, but with limited severance tax bond capacity in 2007, the Spaceport Authority certified the need for funding, and \$21.6 million in bonds were sold in FY07. To access the second \$33 million, the spaceport must be licensed by the Federal Aviation Administration, and the Spaceport Authority must have signed a lease with an anchor tenant and must be reporting quarterly to LFC on progress at the spaceport.

The executive is seeking an additional \$15 million in capital outlay appropriations for road construction. The cost of the road improvements around the spaceport exceeds \$40 million.

In early 2007, the Spaceport Authority estimated total construction cost for the spaceport at \$198 million. Given the cost inflation in the construction industry, the committee believes the estimate should be updated to provide a more accurate picture of necessary funding.

Laws 2006, Chapter 15, allowed municipalities or counties to impose a regional spaceport gross receipts tax, with 75 percent of revenues dedicated for the Spaceport Authority and 25 percent for local spaceport-related activities. Doña Ana County voters narrowly passed an increase in gross receipts taxes in April 2007 to support spaceport construction. The tax in Doña

Ana County will raise more than \$7 million annually, allowing the Spaceport Authority to issue bonds of about \$50 million for spaceport construction. Nevertheless, before spending the tax revenue, the county must join a regional spaceport district with at least one other taxing city or county, but to date no other county or municipality has passed the tax. Sierra County is expected to put the tax before voters next year.

Federal funding for the spaceport is tenuous. Given the National Aeronautics and Space Administration's interest in partnering with the private sector, there may be opportunities for grants for operational activities. The communities near the spaceport may also be eligible for federal economic development grants. However, direct, earmarked appropriations for construction of the spaceport seem unlikely.

BASE EXPANSION:

The committee recommends 1 FTE, a technical director, to oversee launches from the spaceport. Recognizing the need to attract an individual with specialized technical ability, the committee recommends the exempt position at \$130 thousand, for salary and benefits. In addition, the recommendation includes funding for travel and other related costs.

Currently, 1 FTE at the Economic Development Department is designated to the Spaceport Authority for budget, both operating and capital outlay, and administrative support. The committee recommends moving this position and \$67.7 thousand in general fund revenue to the Spaceport Authority.

The Spaceport Authority has a lease with the State Land Office for use of the state land for the Spaceport. While the agency requested \$36.2 thousand in the base budget for this payment, the actual cost of the lease and forbearance of mineral rights will be about \$28 thousand in FY09. The committee recommends this amount as an expansion.

The committee recommends EDD continue to provide legal services to the Spaceport Authority, and therefore does not recommend an FTE for an attorney. EDD and the Economic Development Partnership also should be able to provide the necessary marketing support requested by the agency, and the executive director and current staff should be able to fill the role of an operations manager requested by the agency. A third administrative position for this small agency is unnecessary.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>Agency Request</u>	<u>LFC Recommendation</u>
*	Lease payment to State Land Office	0.0	28.0
1	Spaceport technical director	256.9	143.6
2	Spaceport Marketing Director	424.1	0.0
3	Spaceport staff attorney	368.1	0.0
4	Spaceport operations manager	243.1	0.0
5	Spaceport administrative assistant	43.6	0.0
6	Spaceport administrative services manager	72.5	67.7
7	<u>Office space</u>	<u>70.2</u>	<u>0.0</u>
TOTAL		1,478.5	239.3

*The agency included this item in the base request. The LFC considers this to be an expansion and has extracted it from the base.

SPACEPORT AUTHORITY

The purpose of the spaceport authority is to finance, design, develop, construct, equip and safely operate spaceport America and thereby generate significant high technology economic development throughout the state.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
*	Outcome	Annual aerospace jobs created due to spaceport authority efforts			150	150
*	Output	Number of visitors to the X-prize cup			50,000	50,000
	Output	Number of jobs created by aerospace and aviation companies	37			
	Efficiency	Number of key project milestones completed within established timeframes		10	10	10

STATUTORY AUTHORITY:

The Cultural Affairs Department (DCA) was created in 2004 by the Cultural Affairs Department Act (Sections 9-4A-1 through 9-4A-18 NMSA 1978). The new law elevated the agency to cabinet status and elevated the individual museums in the Museum of New Mexico to division status, placing them on equal footing with other museums and facilities within DCA.

In addition to the Cultural Affairs Department Act, divisions within DCA are authorized by the following statutes: Sections 18-2-1 through 18-2-23 NMSA 1978 (creating the Library Division); Sections 18-3-1 through 18-3-8 NMSA 1978 (establishing the Museum of New Mexico); Sections 18-3A-1 through 18-3A-9.1 NMSA 1978 (the Natural History and Science Museum Act); Section 18-5-1 through 18-5-7 NMSA 1978 (creating the Arts Division); Sections 18-6-1 through 18-6-23 NMSA 1978 (the Cultural Properties Act); Sections 18-7-1 through 18-7-4 NMSA 1978 (creating the Museum of Space History); Sections 18-8-1 through 18-8-8 NMSA 1978 (New Mexico Prehistoric and Historic Sites Preservation Act); Sections 18-11-1 through 18-11-9 NMSA 1978 (Farm and Ranch Heritage Museum Act); Sections 18-12-1 through 18-12-8 NMSA 1978 (National Hispanic Cultural Center Act); Sections 13-4A-1 through 13-4A-11 NMSA (Art In Public Places Act), and 13-4B-1 through 13-4B-3 NMSA (Fine Art In Public Buildings Act); and Sections 47-12A-1 through 47-12A-6 NMSA (Cultural Properties Preservation Easement Act).

MISSION:

The department's mission is to lead in the preservation, development, promotion, and access to New Mexico's cultural resources for the use, education, and enjoyment of present and future generations.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	29,112.6	32,728.5	37,712.2	34,067.0	4.1
Other Transfers	0.0	3,028.7	2,000.0	2,000.0	-34.0
Federal Revenues	3,695.2	4,180.5	4,079.9	4,079.9	-2.4
Other Revenues	4,236.4	4,453.6	5,861.6	5,861.6	31.6
SOURCES TOTAL	37,044.2	44,391.3	49,653.7	46,008.5	3.6
USES					
Personal Services and Employee Benefits	27,422.3	29,935.4	31,934.2	30,880.3	3.2
Contractual Services	4,251.6	5,654.0	7,047.5	5,745.7	1.6
Other	6,990.0	8,801.9	10,672.0	9,382.5	6.6
TOTAL USES	38,663.9	44,391.3	49,653.7	46,008.5	3.6
FTE					
Permanent	434.4	450.4	476.2	459.4	2.0
Term	117.1	112.8	119.0	115.0	2.0
Temporary	14.0	8.0	10.0	8.0	0.0
TOTAL FTE POSITIONS	565.5	571.2	605.2	582.4	2.0

BUDGET ISSUES:

The FY08 operating budget includes seven recurring items totaling \$815 thousand appropriated in Laws 2007, Chapter 27 (Senate Bill 611) including \$75 thousand to restore the music commission, \$140 thousand to expand the film museum, \$100 for the media industries strategy project, and \$320 thousand for the library division's grant program in Rio Arriba County. The Rio Arriba library initiative duplicates a statewide grant process at the state library and represents a shift from targeted and merit-based statewide grant funding of libraries. A key criteria for scoring junior appropriations bill items as recurring is that the item provides statewide services or benefits. Accordingly, the program is moved from the base request and shown as an expansion in table 3. Using this statewide service criteria, the LFC recommendation includes a \$45 thousand dollar appropriation for outreach programs at a science center and children's museum in Albuquerque providing statewide outreach.

The department's FY09 overall general fund request was 15 percent, or \$5 million over the FY08 operating level. Of the \$5 million requested increase, \$3.8 million is for 20 expansion items, including 26 new FTE. Although the agency has taken vacancy savings of 3 percent in two programs, the agency's overall base general fund request is approximately 3.5 percent higher than the FY08 budget due to increases in group health and transportation insurance, increases for information technology and advertising expenses, and additional salary and benefit costs for 6 new FTE added in FY08 for the State History Museum and 2 FTE at the Lincoln Monument. The FY08 appropriation included only partial funding for these positions due to the timing of construction at the museum. The committee base recommendation for general fund monies includes funding for the insurance

increases and fully funding FTE costs for positions added in FY08. LFC recommends an overall increase in general fund support for DCA at \$1.3 million, or 4 percent over FY08 operating level.

The department's ability to address deferred maintenance and the costs of restoring or enhancing extremely valuable collections and exhibits remains a concern. National data shows significant returns, through increased attendance, in state investment into the proper maintenance of facilities and maintenance and rotation of exhibits.

FY07 attendance levels for the department's museum and monument facilities decreased 3.3 percent from FY06 levels. However, earned revenue from admissions and other sources increased significantly to \$2.5 million over FY06 levels of \$1.9 million. Although agency admissions and revenue were flat in general, the National Hispanic Cultural Center experienced slight increases in both measures. Additionally, the center had the largest share of other earned revenue among department facilities, approximately \$188 thousand of the \$450 thousand total.

BASE EXPANSION:

The department requested \$3.8 million for 20 expansion items, including 24 new FTE. The committee recommends \$523.1 thousand and 10.2 FTE for seven expansion items. The recommendation will fund \$225 thousand and 4 FTE for the State History Museum, \$28.1 thousand and 1 FTE for the Farm and Ranch Heritage Museum, \$75 thousand for preservation and maintenance of the Taylor-Barela-Reynolds Monument, \$100 thousand and 2.2 FTE for Museum of Natural History personnel at the Sandia Mountain Center, \$50 thousand to fund education outreach programs at the Office of Archaeological Studies and \$45 thousand to fund outreach programs at a science center and children's museum in Albuquerque (The appropriation was included in Laws 2007, Chapter 27 (Senate Bill 611), however, the Department of Finance and Administration had scored this item as non-recurring.).

Three items included in Senate Bill 611 were included in the FY08 operating budget that require FTE. The three are for the Film Museum, Fine Arts Museum, and the Office of Music. The LFC recommendation authorizes these FTE.

Construction of the New Mexico History Museum adjacent to the Palace of the Governors is ongoing with the 96,000-square-foot addition scheduled to open in spring 2009. The project is making progress after suffering previous setbacks due to many factors, including management inexperience with large-scale construction and last winter's inclement weather. FY08 funding included \$621 thousand authorizing partial funding for 6 FTE for facility programming and exhibition set-up. The department estimates it will obtain an occupancy certificate in July 2008, with subsequent exhibition set-up and punch-list items to be completed prior to the spring 2009 opening. An FY09 expansion of \$225 thousand is recommended and includes authorization for 4 additional FTE. The department will need further staffing increases in the FY10 budget.

The Taylor-Barela-Reynolds Monument in Mesilla was donated in 2003 through a living trust by former Representative John Paul Taylor. The agency request included a \$50 thousand increase for building maintenance for the facility. The agency requested this amount in the Historic Preservation Division budget. The LFC recommendation includes \$75 thousand for maintenance and preservation; however, the committee directs the funding recommendation to the Museum and Monuments Program because this is more in line with the program's core mission. The Legislature included \$300 thousand in FY08 general fund monies for maintenance and preservation efforts at the statewide sites, including the Taylor-Barela-Reynolds monument; however, this additional funding will be necessary to bring the monument to the level of existing facilities. LFC requested from the department but did not receive a monument maintenance schedule and preservation work-plan.

Historically, the Museum of Natural History participates in educational outreach for 5th grade students through activities at the Sandia Mountain Center. Personnel at the center provide science and ecological education experience for approximately 12,500 students annually. The department requested 4.25 FTE positions as permanent positions and funded through general fund sources. The positions were originally funded as term FTE through general fund, however, funding for the positions did not carry forward in subsequent years. The LFC recommends general fund support of \$100 thousand and term to perm conversion for 2 FTE for this ongoing outreach service.

The department requested \$85 thousand for educational outreach expenses in the Office of Archaeological Studies. The state archaeologist is funded primarily through other state funds through the provision of services to the Department of Transportation and has historically received approximately \$50 thousand in general fund support annually. The LFC recommendation includes an additional \$50 thousand for educational outreach that the division currently performs.

RECOMMENDED LANGUAGE:

Any unexpended or unencumbered balance in the cultural affairs department remaining at the end of fiscal year 2009 from appropriations made from the general fund shall not revert.

The internal services funds/interagency transfers appropriations to the preservation program of the cultural affairs department include one million, four-hundred thousand dollars (\$1,400,000) from the department of transportation for archaeological studies related to highway projects.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
	Children's science museum in Albuquerque	(PRG SUPPORT)	0.0	45.0
*1	Office of music authorization (1 FTE)	(ARTS)	0.0	0.0
*2	Maintenance and pres. of Taylor monument	(MUSEUMS)	0.0	75.0
*3	Film museum authorization (1 FTE)	(MUSEUMS)	0.0	0.0
*4	Fine arts authorization (1 FTE)	(MUSEUMS)	0.0	0.0
*5	Rio Arriba library grants	(LIBRARY)	0.0	0.0
01	St. history museum operations (8 FTE)	(MUSEUMS)	450.0	225.0
02	Arts trails-authorization (1 FTE)	(ARTS)	46.6	0.0
03	Term to perm conversion (8.25 FTE)	(MUSEUMS)	348.3	100.0
04	IT upgrades and replacement	(PRG SUPPORT)	359.8	0.0
05	St. library compensation - midpoint	(LIBRARY)	92.2	0.0
06	Marketing initiative	(MUSEUMS)	400.0	0.0
07	Fuel for learning ed. authorization (3 FTE)	(MUSEUMS)	394.9	0.0
08	Funding for arts organization	(ARTS)	950.2	0.0
09	Archaeological education program	(PRSRVTN)	85.0	50.0
10	St. library authorization (3 FTE)	(LIBRARY)	60.5	0.0
11	Farm and ranch heritage authorization (1 FTE)	(MUSEUMS)	28.1	28.1
12	NHCC establish media arts (1 FTE)	(MUSEUMS)	159.2	0.0
13	Conversion contractual services to perm FTE	(ARTS)	38.5	0.0
14	Statewide planning	(PRG SUPPORT)	15.0	0.0
15	Historic pres local government grants	(PRSRVTN)	60.0	0.0
16	Historic preservation commissions costs	(PRSRVTN)	75.0	0.0
17	Overnight trails	(MUSEUMS)	45.0	0.0
18	NHCC expand outreach programs	(MUSEUMS)	150.0	0.0
19	Preservation taylor monument	(PRSRVTN)	50.0	0.0
20	Youth mariachi and folklorico	(MUSEUMS)	40.0	0.0
TOTAL			3,848.3	523.1

*\$75 thousand for maintenance and preservation at Taylor Monument requested in Preservation program, recommended for Museum and Monuments program.

**\$320 thousand expansion for Rio Arriba Library Grant from SB 611

MUSEUMS AND MONUMENTS

The purpose of the museums and monuments program is to develop and enhance the quality of state museums and monuments by providing the highest standards in exhibitions, performances and programs showcasing the arts, history and science of New Mexico and cultural traditions worldwide.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	19,277.8	21,401.2	24,236.3	22,648.9	5.8
Other Transfers	0.0	205.1	65.0	65.0	-68.3
Federal Revenues	0.0	73.0	0.0	0.0	-100.0
Other Revenues	1,816.5	4,395.1	4,632.6	4,632.6	5.4
SOURCES TOTAL	21,094.3	26,074.4	28,933.9	27,346.5	4.9
USES					
Personal Services and Employee Benefits	16,357.9	18,121.1	19,628.2	18,834.7	3.9
Contractual Services	954.6	1,769.8	2,029.5	1,754.0	-0.9
Other	4,680.4	6,183.5	7,276.2	6,757.8	9.3
TOTAL USES	21,992.9	26,074.4	28,933.9	27,346.5	4.9
FTE					
Permanent	303.7	318.2	341.0	326.2	2.5
Term	52.6	48.3	52.5	50.5	4.6
Temporary	4.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	360.3	366.5	393.5	376.7	2.8

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of museum collections, excluding archaeological collections, housed in areas that meet museum standards for adequate environmental and storage conditions	deleted	deleted	deleted	deleted	
Outcome	Percent of participants attending off-site education, outreach and special events in communities outside Santa Fe, Albuquerque and Las Cruces	deleted	deleted	deleted	deleted	
* Output	Attendance to museum and monument exhibitions, performances, films and other presenting programs	new	790,175	835,000	805,000	805,000
* Output	Number of participants to off-site educational, outreach and special events related to museum missions	new	103,041	66,550	93,000	95,000
* Output	Number of participants at on-site educational, outreach and special events related to museum missions	324,817	274,504	326,000	304,000	325,000
Output	Number of cubic feet of museum archaeological collections stored in the Halpin building	deleted	deleted	deleted	deleted	
Output	Total attendance to museum exhibitions, performances, films and other presenting programs	902,282	deleted	deleted	deleted	

PRESERVATION

The purpose of the perseveration program is to identify, study, and protect New Mexico's unique cultural resources, including its archaeological sites, architectural and engineering achievements, cultural landscapes and diverse heritage.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY09 - 2008-2009</u>				Percent Incr (Decr)
		<u>FY07</u> 2006-2007 <u>Actuals</u>	<u>FY08</u> 2007-2008 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES						
	General Fund Transfers	852.0	937.6	1,213.1	993.1	5.9
	Other Transfers	0.0	2,823.6	1,935.0	1,935.0	-31.5
	Federal Revenues	1,344.3	1,361.0	1,380.6	1,380.6	1.4
	Other Revenues	2,344.3	0.0	1,164.0	1,164.0	***
	SOURCES TOTAL	4,540.6	5,122.2	5,692.7	5,472.7	6.8
USES						
	Personal Services and Employee Benefits	3,486.1	4,226.4	4,430.7	4,408.1	4.3
	Contractual Services	224.8	328.0	445.0	382.9	16.7
	Other	625.0	567.8	817.0	681.7	20.1
	TOTAL USES	4,335.9	5,122.2	5,692.7	5,472.7	6.8
FTE						
	Permanent	36.0	36.0	35.0	35.0	-2.8
	Term	39.5	39.5	40.5	40.5	2.5
	Temporary	6.0	6.0	6.0	6.0	0.0
	TOTAL FTE POSITIONS	81.5	81.5	81.5	81.5	0.0

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
*	Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	new	58%	58%	63%
*	Output	Number of participants in educational, outreach and special events related to preservation mission	new	new	4,900	5,800
	Outcome	Percent of grant funds distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	57%	deleted	deleted	deleted
*	Output	Dollar value of construction underway on historic buildings using state and federal tax credits	new	new	5.0 million	4.4 million
*	Output	Annually completed number of historic structures preserved, using preservation tax credits	new	new	47	47
	Output	Total number of new structures preserved annually using preservation tax credits	54	47	deleted	deleted

LIBRARY SERVICES

The purpose of the library services program is to empower libraries to support the educational, economic and health goals of their communities and to deliver direct library and information services to those who need them.

BUDGET SUMMARY
(dollars in thousands)

				<u>FY09 - 2008-2009</u>		
		<u>FY07</u>	<u>FY08</u>	<u>Agency</u>	<u>LFC</u>	<u>Percent</u>
		<u>2006-2007</u>	<u>2007-2008</u>	<u>Request</u>	<u>Recommendation</u>	<u>Incr</u>
		<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>
SOURCES						
	General Fund Transfers	3,713.8	4,140.2	4,394.0	3,921.3	-5.3
	Federal Revenues	1,671.2	2,078.2	2,149.3	2,149.3	3.4
	Other Revenues	29.6	35.0	35.0	35.0	0.0
	SOURCES TOTAL	5,414.6	6,253.4	6,578.3	6,105.6	-2.4
USES						
	Personal Services and Employee Benefits	2,701.0	3,093.7	3,345.1	3,192.4	3.2
	Contractual Services	1,210.1	1,462.2	1,526.8	1,526.8	4.4
	Other	1,390.2	1,697.5	1,706.4	1,386.4	-18.3
	TOTAL USES	5,301.3	6,253.4	6,578.3	6,105.6	-2.4
FTE						
	Permanent	40.0	42.0	41.0	42.0	0.0
	Term	19.5	19.5	21.5	19.5	0.0
	Temporary	2.0	0.0	2.0	0.0	***
	TOTAL FTE POSITIONS	61.5	61.5	64.5	61.5	0.0

PERFORMANCE MEASURES

		<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY09</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
*	Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	new	83%	75%	75%
	Outcome	Percent of grant funds distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	89%	deleted	deleted	deleted
*	Output	Total number of library materials catalogued in system wide access to libraries in state agencies and keystone library automation system online databases, available through the internet	963,583	993,000	965,000	993,000
*	Output	Number of participants in educational, outreach and special events related to library mission	new	new	20,700	18,000
						20,700

ARTS

The purpose of the arts program is to preserve, enhance and develop the arts in New Mexico through partnerships, public awareness and education.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY09 - 2008-2009</u>				Percent Incr (Decr)
		<u>FY07</u> 2006-2007 <u>Actuals</u>	<u>FY08</u> 2007-2008 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	
SOURCES						
	General Fund Transfers	1,596.2	2,078.7	3,132.7	2,097.4	0.9
	Federal Revenues	679.7	575.0	550.0	550.0	-4.3
	SOURCES TOTAL	2,275.9	2,653.7	3,682.7	2,647.4	-0.2
USES						
	Personal Services and Employee Benefits	851.8	965.8	1,066.3	981.2	1.6
	Contractual Services	1,202.7	1,555.4	2,480.6	1,530.4	-1.6
	Other	136.2	132.5	135.8	135.8	2.5
	TOTAL USES	2,190.7	2,653.7	3,682.7	2,647.4	-0.2
FTE						
	Permanent	10.0	10.5	12.5	11.5	9.5
	Term	4.5	4.5	4.5	4.5	0.0
	TOTAL FTE POSITIONS	14.5	15.0	17.0	16.0	6.7

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
*	Output	Number of professional organizations supported throughout New Mexico for arts activities	new	new	166	166
*	Outcome	Percent of grant funds from recurring appropriations distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	new	38%	32%	32%
	Outcome	Percent of grant funds distributed to communities outside of Santa Fe, Albuquerque and Las Cruces	32%	deleted	deleted	deleted
*	Output	Number of clients (workers) provided professional development training in arts industry	new	new	5,240	3,800
*	Output	Attendance at programs provided by arts organizations statewide, funded by New Mexico arts from recurring appropriations	new	1,468,000	1,800,000	1,400,000
*	Output	Number of musicians, music groups and businesses supporting the music industry who have registered on nmmusic.org website	new	new	600	1,000
*	Output	Number of participants in educational and outreach programs and workshops, including percent from rural areas	new	new	1,500	4,300
*	Output	Number of individuals or businesses provided training in establishing and marketing arts-based cottage industries	new	new	600	1,000
	Output	Attendance at new programs partially funded by New Mexico arts, provided by arts organizations statewide	1,882,685	deleted	deleted	deleted

PROGRAM SUPPORT

The purpose of program support is to deliver effective, efficient, high-quality services in concert with the core agenda of the governor.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY09 - 2008-2009</u>				<u>Percent Incr (Decr)</u>
		<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES						
	General Fund Transfers	3,672.8	4,170.8	4,736.1	4,406.3	5.6
	Federal Revenues	0.0	93.3	0.0	0.0	-100.0
	Other Revenues	46.0	23.5	30.0	30.0	27.7
	SOURCES TOTAL	3,718.8	4,287.6	4,766.1	4,436.3	3.5
USES						
	Personal Services and Employee Benefits	4,025.5	3,528.4	3,463.9	3,463.9	-1.8
	Contractual Services	659.4	538.6	565.6	551.6	2.4
	Other	158.2	220.6	736.6	420.8	90.8
	TOTAL USES	4,843.1	4,287.6	4,766.1	4,436.3	3.5
FTE						
	Permanent	44.7	43.7	46.7	44.7	2.3
	Term	1.0	1.0	0.0	0.0	-100.0
	Temporary	2.0	2.0	2.0	2.0	0.0
	TOTAL FTE POSITIONS	47.7	46.7	48.7	46.7	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
	Output	9210	deleted	deleted	deleted	
*	Output	new	50%	16%	16%	5%
*	Outcome	88%	78%	80%	80%	80%

STATUTORY AUTHORITY:

The New Mexico Livestock Board was created by Sections 77-2-1 through 77-2-29 NMSA 1978. The board is responsible for controlling disease, preventing theft or illegal movement of livestock, overseeing the New Mexico meat inspection program, and promoting greater economy, service, and efficiency in the administration of laws relating to the livestock industry of New Mexico. The board is composed of nine members appointed by the governor to staggered six-year terms. Seven members of the board must raise and own cattle or sheep in the state and be residents of New Mexico. An executive director manages the agency under the direction of the board.

MISSION:

The primary responsibility of the New Mexico Livestock Board is to protect the livestock industry from loss of livestock by theft or straying, to help control the spread of dangerous diseases of livestock, and to provide meat inspection service that assures consumers they are being provided a clean, wholesome, and safe product.

	BUDGET SUMMARY (dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent Incr (Decr)
	2006-2007 Actuals	2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,044.5	1,726.5	2,348.9	1,306.3	-24.3
Federal Revenues	1,502.4	905.5	0.0	0.0	-100.0
Other Revenues	4,716.3	4,392.5	4,659.6	4,631.0	5.4
SOURCES TOTAL	7,263.2	7,024.5	7,008.5	5,937.3	-15.5
USES					
Personal Services and Employee Benefits	4,296.2	5,262.3	4,813.1	4,399.5	-16.4
Contractual Services	961.9	296.0	339.1	296.2	0.1
Other	1,419.1	1,466.2	1,856.3	1,241.6	-15.3
TOTAL USES	6,677.2	7,024.5	7,008.5	5,937.3	-15.5
FTE					
Permanent	95.0	95.0	83.0	81.0	-14.7
TOTAL FTE POSITIONS	95.0	95.0	83.0	81.0	-14.7

BUDGET ISSUES:

For FY09, the overall Livestock Board request was \$7 million. This represents a general fund request of \$2.3 million, a \$600 thousand, or 35 percent, increase over the FY08 general fund operating budget of \$1.7 million. The board requested an additional \$4.6 million in program revenues, a \$260 thousand, or 6 percent increase over FY08.

The board continues to have difficulty with basic management processes. The agency's most recent audit, for the fiscal year ending June 30, 2006, identifies financial control and personnel management problems related to unapproved use of compensatory time, lack of timesheet approval, and inconsistencies in voucher processing and cash disbursements.

Prior to FY07, the board was not a vouchering state agency, and its financial accounts and warrants did not flow through the Financial Control Division of the Department of Finance and Administration. The Legislature included language in the General Appropriation Act of 2007 that required the agency to submit vouchers through the Department of Finance and Administration. Coupled with more aggressive fiscal oversight by the board chairman, and the June 2007 appointment of a new executive director with financial management and livestock industry experience, the agency should begin to resolve its chronic financial control issues.

The most significant issue facing the board is the loss the state's meat inspection program. In January 2007, the U.S. Department of Agriculture, Food Safety and Inspection Service (FSIS), issued its comprehensive review results for the New Mexico Livestock Board's Meat and Poultry Inspection (MPI) Program. Under a federal-state agreement, New Mexico's program must enforce requirements "at least equal to" those imposed under the federal Meat and Poultry Products Inspection acts. However, an on-site review revealed a number of systemic deficiencies for which corrective actions were needed.

After conducting follow-up activities to review the corrective actions, FSIS determined the board did not operate its program in accordance with the “at least equal to” provision of the federal requirements, and, in July 2007, federal inspectors assumed responsibility for the program. Because a portion of the general fund appropriation to the board was to support the meat inspection program, including administrative costs, and was contingent on a dollar-for-dollar match of federal funds for the program, elimination of the state’s meat inspection responsibility has resulted in approximately \$640 thousand in annual federal funding being discontinued. As for the FTE assigned to the meat inspection program, a number of them have voluntarily left the agency for other pursuits, while others have been retrained and moved into vacant positions within the board’s Livestock Inspection Program.

In the FY09 request, the agency proposed the meat inspection program be modified and directed to the following activities: respond to the “continuing need” to monitor meat dealers; create stronger relationships with other state and federal food safety and security agencies; and provide information, education, technical support, and advocacy to the state’s small businesses that process meat.

While the committee acknowledges the agency’s efforts to realign the areas of responsibility for the meat inspection program, if implemented, the agency may duplicate other state and local health inspection efforts. Accordingly, the committee recommends that a 65 percent reduction of the meat inspection program be applied in FY09 in order to begin a gradual phase-out of the program by the end of the fiscal year, without having to implement an involuntary reduction in force that will impact the program’s remaining 8.5 FTE.

Another concern relates to the board’s fee structure. The Livestock Inspection and Administration programs are supported largely by revenues derived from a mill levy on livestock and from various licensing, inspection, and other livestock-related fees. These fees are deposited into the New Mexico Livestock Board operating fund and are nonreverting. The issue of inspection fees is controversial within the livestock industry because it requires that producers pay a fee each time cattle is moved outside district boundaries defined by the board.

Some producers argue that inspection fees have a disproportionate impact on ranchers who graze cattle in different locations throughout the state. Ranchers with access to large land holdings or grazing allotments do not have to move cattle. While the board projects a FY09 fund balance of \$7.8 million with which to support agency operations, the committee recommends the board re-evaluate existing fee structures and alternative funding sources in order to identify additional user revenues that might be applied to offset the costs related to animal cruelty or other investigative initiatives.

Additionally, the agency should re-examine the property tax disparity between beef cattle (assessed at 10 mills per head) and dairy cattle (assessed at 5 mills per head), as well as the related matter of beef cattle head counts being largely self-reported by the owners. Dairy herds, generally assembled in one location, lend themselves to more realistic head counts by assessors.

Reasonable fee increases would not only support current activities, but when coupled with austerity measures, attention to detail, and prudent financial management practices, it should see fund life extended into the near future and reduce the agency’s reliance on general fund support.

BASE EXPANSION:

The agency requested a 2 FTE expansion in the administration program, with the positions assigned to accounting and public relations functions. The committee does not support the expansion.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Financial specialist	(ADMIN)	40.9	0.0
2	Administrative assistant	(ADMIN)	40.7	0.0
TOTAL			81.6	0.0

LIVESTOCK INSPECTION

The purpose of the livestock inspection program is to protect the livestock industry from loss of livestock by theft or straying and to help control the spread of dangerous diseases of livestock.

BUDGET SUMMARY (dollars in thousands)						
	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	<u>FY09 - 2008-2009</u>		Percent Incr (Decr)	
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	387.2	910.3	1,571.5	921.3	1.2	
Federal Revenues	797.7	173.6	0.0	0.0	-100.0	
Other Revenues	4,000.0	3,730.7	3,849.1	3,849.1	3.2	
SOURCES TOTAL	5,184.9	4,814.6	5,420.6	4,770.4	-0.9	
USES						
Personal Services and Employee Benefits	2,743.3	3,473.8	3,630.2	3,630.2	4.5	
Contractual Services	925.9	252.1	295.0	252.1	0.0	
Other	1,073.0	1,088.7	1,495.4	888.1	-18.4	
TOTAL USES	4,742.2	4,814.6	5,420.6	4,770.4	-0.9	
FTE						
Permanent	65.2	65.2	64.5	64.5	-1.1	
TOTAL FTE POSITIONS	65.2	65.2	64.5	64.5	-1.1	

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Number of livestock thefts reported per one thousand head inspected	2.0	2.0	1.0	N/A	1
Outcome	Average percentage of investigation findings completed within one month	50%	50%	50%		
* Output	Number of road stops per month	82	82	30	N/A	30

MEAT INSPECTION

The purpose of the meat inspection program is to provide meat inspection service to meat processors and slaughterers to assure consumers of clean, wholesome and safe products.

BUDGET SUMMARY (dollars in thousands)						
	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	<u>FY09 - 2008-2009</u>		Percent Incr (Decr)	
			<u>Agency Request</u>	<u>LFC Recommendation</u>		
SOURCES						
General Fund Transfers	581.1	690.3	591.5	252.3	-63.5	
Federal Revenues	632.4	640.3	0.0	0.0	-100.0	
Other Revenues	142.4	92.4	110.0	110.0	19.0	
SOURCES TOTAL	1,355.9	1,423.0	701.5	362.3	-74.5	
USES						
Personal Services and Employee Benefits	1,003.2	1,198.9	521.8	182.6	-84.8	
Contractual Services	12.3	8.8	6.7	6.7	-23.9	
Other	204.0	215.3	173.0	173.0	-19.6	
TOTAL USES	1,219.5	1,423.0	701.5	362.3	-74.5	
FTE						
Permanent	21.8	21.8	8.5	8.5	-61.0	
TOTAL FTE POSITIONS	21.8	21.8	8.5	8.5	-61.0	

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of inspections where violations are found	3%	2%	3%		
Outcome	Number of violations resolved within one day	300	300	225		
Output	Number of compliance visits made to approved establishments	9,500	9500	8,000		
Output	Number of compliance visits made to licensed establishments			300	300	N/A

ADMINISTRATION

The purpose of the administration program is to provide administrative and logistical services to employees.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	76.2	125.9	185.9	132.7	5.4
Federal Revenues	72.3	91.6	0.0	0.0	-100.0
Other Revenues	573.9	569.4	700.5	671.9	18.0
SOURCES TOTAL	722.4	786.9	886.4	804.6	2.2
USES					
Personal Services and Employee Benefits	549.7	589.6	661.1	586.7	-0.5
Contractual Services	23.7	35.1	37.4	37.4	6.6
Other	142.1	162.2	187.9	180.5	11.3
TOTAL USES	715.5	786.9	886.4	804.6	2.2
FTE					
Permanent	8.0	8.0	10.0	8.0	0.0
TOTAL FTE POSITIONS	8.0	8.0	10.0	8.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Number of payment vouchers processed	3,100	3000.	3,000		
* Outcome	Percent of vouchers processed within 10 business days	90%	90%	90%	N/A	90%

STATUTORY AUTHORITY:

Sections 17-1-1 through 17-7-3 NMSA 1978 charge the Department of Game and Fish (DGF) with protecting game and fish and providing these resources for public recreation. The department conducts research on game and nongame species of wildlife and wildlife habitat; maintains animal propagation facilities for reestablishment of threatened species; operates fish hatcheries; stocks New Mexico waters with hatchery-bred fish from state and out-of-state sources; acquires, manages, and disposes of department-owned property; promulgates and enforces hunting, trapping, and fishing regulations; works with state and federal agencies concerning habitat manipulation affecting wildlife populations; assists private landowners in improving wildlife habitat; develops wildlife education programs; and provides public information on wildlife needs, recreational opportunities, and department programs.

The department operates under the direction of a seven-member State Game Commission appointed by the governor with the advice and consent of the Senate. The department is divided into four programs: Sport Hunting and Fishing, which regulates all hunting and fishing activities statewide; Conservation Services, responsible for habitat management, biological support, and land acquisition; Depredation Services, which oversees depredation complaints as well as the implementation of intervention options for dealing with animals causing property damage; and Administration, which provides agency wide administrative direction, oversight, and infrastructure support services. The commission employs a director responsible for administration of the department.

MISSION:

The mission of the Department of Game and Fish is to provide and maintain an adequate supply of wildlife and fish within the state of New Mexico by using a flexible management system that provides for their protection, propagation, regulation, conservation, and use as public recreation and food supply.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent
	2006-2007	2007-2008	Agency	LFC	Incr
	Actuals	Budgeted	Request	Recommendation	(Decr)
SOURCES					
General Fund Transfers	234.2	333.1	1,113.1	333.1	0.0
Other Transfers	7.3	5.0	5.0	5.0	0.0
Federal Revenues	9,641.4	12,778.7	13,228.3	12,288.3	-3.8
Other Revenues	19,438.9	21,304.5	20,946.5	20,924.0	-1.8
Fund Balance	2,126.9	1,455.1	2,891.3	2,758.8	89.6
SOURCES TOTAL	31,448.7	35,876.4	38,184.2	36,309.2	1.2
USES					
Personal Services and Employee Benefits	18,058.7	19,776.0	20,547.8	20,120.5	1.7
Contractual Services	1,943.6	3,471.5	4,105.5	3,545.5	2.1
Other	9,703.6	12,131.6	13,033.6	12,145.9	0.1
Other Financing Uses	397.3	497.3	497.3	497.3	0.0
TOTAL USES	30,103.2	35,876.4	38,184.2	36,309.2	1.2
FTE					
Permanent	285.0	285.0	290.5	289.0	1.4
Term	12.0	12.0	15.0	11.0	-8.3
Temporary	4.5	4.5	4.5	2.5	-44.4
TOTAL FTE POSITIONS	301.5	301.5	310.0	302.5	0.3

BUDGET ISSUES:

For FY09, DGF's overall base request of \$36.2 million represents a \$400 thousand increase over the FY08 operating budget of \$35.8 million. This includes a modest general fund level of \$333 thousand. However, the agency requested a general fund increase of \$800 thousand in support of expansion items. In addition to general fund support, the agency is funded from fees, penalties, income from department-owned property, and federal revenues. For FY09 additional operating funds are being derived from program revenues (\$20.8 million), federal funds (\$12.2 million), and fund balances (\$2.7 million). In September 2007, the agency's vacancy rate was 8.1 percent; however, the recommendation takes no vacancy savings due to the small amount of general fund support and to allow the agency to pursue its initiatives without additional general fund impact.

The game protection fund is the department's operating fund and is its largest fund. It is nonreverting and is the only fund that receives general fund revenues, providing a little less than 1 percent of the overall funding. The general fund primarily supports

personnel in the Conservation Services Program involved in conservation of threatened or endangered species. Additional sources of revenue include license fees, federal funds, court fines and forfeitures, other penalties, crops, interest on investments, and land rental or lease income. The projected FY09 fund balance is \$13.4 million.

The share with wildlife fund is a subsidiary account under the game protection fund and is a nonreverting fund that receives revenues from federal grants, gifts, hunting and fishing licenses, and various other sources, including donations through the state tax form check-off. Funds are used to assist at-risk wildlife, regardless of species. Projected FY09 fund balance is \$984 thousand.

The Sikes Act fund is a nonreverting program that receives revenues from hunting and fishing licenses, interest on investments, miscellaneous revenue, and other financing sources. These funds are dedicated to habitat conservation and rehabilitation projects in the Conservation Services Program. Projected FY09 fund balance is \$2.1 million.

The big game enhancement fund is a nonreverting subsidiary account under the game protection fund program that receives revenues from enhancement hunting permits for elk, deer, bighorn sheep and Gould's turkey as well as from federal grants. The revenues are earmarked exclusively for the preservation, restoration, and management of those species under the Sport Hunting and Fishing Program. Projected FY09 fund balance is \$815 thousand.

The big game depredation damage fund is funded through the sale of big game depredation damage stamps on hunting licenses and earnings from the investment of the fund. Funds are used by the Wildlife Depredation and Nuisance Abatement Program to correct damage to federal, state, or private land caused by big game and to prevent such damage in the future. Projected FY09 fund balance is \$663 thousand.

The habitat management fund is supported by a \$3 habitat management stamp included in the purchase of each hunting and fishing license or the wildlife-associated recreation permit started in FY06. Proceeds from the fund will be used to make habitat improvements and to develop and maintain properties owned by the State Game Commission. Projected FY09 fund balance is \$629 thousand.

The agency achieved superior performance levels for FY07, and with the exception of recruiting, all measured activities were either met or exceeded target levels. Resident elk hunting is governed by a resident/nonresident quota that is 78/22 percent, respectively. As some elk populations are reduced to meet goals and objectives over time, permit levels are adjusted and the opportunities may be reduced, as is the case with the 18 percent reduction in the FY07 actual performance measure.

In the Wildlife Depredation and Nuisance Abatement Program, the FY07 target to resolve 95 percent of complaints within one year was achieved. In response to committee concerns, the agency appears to be working with landowners and offering intervention to help alleviate the depredation problem. While in some instances agreement cannot be achieved, the committee encourages the agency to continue to evaluate its depredation performance and accountability standards so as to provide a more accurate perspective on the degree of resolution.

For FY09, the agency requested capital projects funding for nine projects, with primary focus on the completion of the Rock Lake warm water fish hatchery and bringing dams owned by the game commission into compliance with the Dam Safety Bureau rules. The total capital outlay request was \$12.9 million and sought nonrecurring general fund (\$5.7 million), proceeds from severance tax bonds (\$5.6 million), and funds generated by hunters and anglers and federal sources (\$1.6 million). The committee recognizes the ability to direct additional game protection funds to dam repair and maintenance capital projects is limited and encourages the department to work closely with the State Engineer to coordinate and prioritize dam-related infrastructure and funding requests.

BASE EXPANSION:

The department presented an ambitious expansion request in the FY09 budget request, including several expansions partially funded from the general fund. As an enterprise agency, the department has historically been funded through license fees and federal excise taxes. However, the committee recognizes that some measure of general fund support is required to enable the agency to continue to service a growing constituency without increasing hunting and fishing license fees.

In the Conservation Services Program the agency requested to initiate the State Wildlife Grant Program that supports implementation of wildlife conservation strategies in all states. This program would leverage \$500 thousand in general fund to obtain \$700 thousand in federal funds and require the addition of 1 FTE. The committee does not support the general fund request at this time and encourages the agency to pursue alternative funding.

In the Sport Hunting and Fishing Program the agency requested the conversion of 2 temporary FTE to permanent status. The positions would be assigned to the Rock Lake Trout Rearing Station and Warm Water Hatchery in Santa Rosa, New Mexico with no general fund impact. The committee supports the request.

In the Administration Program the agency requested an expansion of 1 FTE for its online in-house licensing program due to the customer acceptance and the significant increase in the volume of licenses being sold online. The position would be funded by a \$5 online licensing transaction fee with no general fund impact. The agency also requested the conversion of 1 term FTE to permanent status. The business operations specialist position would be assigned to SHARE with no general fund impact. The committee supports the requests.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
01	State wildlife grant program	(CONSERVTN)	1,200.0	0.0
02	Co-location of staff	(SPORT)	165.0	0.0
03	Public outreach coordinator	(SPORT)	60.0	0.0
04	Energy Development Habitat Specialist	(CONSERVTN)	100.0	0.0
05	National archery	(SPORT)	20.0	0.0
06	Joint management services - turkey management	(SPORT)	10.0	0.0
07	Joint management conservation programs	(SPORT)	10.0	0.0
08	Online licensing	(ADMIN)	60.0	60.0
09	Dam renovation manager	(CONSERVTN)	150.0	0.0
10	Wildlife management area technicians	(SPORT)	180.0	0.0
11	Temp to perm / fisheries	(SPORT)	0.0	0.0
12	Term to perm / administration	(ADMIN)	0.0	0.0
TOTAL			1,955.0	60.0

SPORT HUNTING AND FISHING

The purpose of the sport hunting and fishing program is to provide a statewide system for hunting activities as well as self-sustaining and hatchery-supported fisheries, taking into account hunter safety, quality hunts, high-demand areas, guides and outfitters, quotas and ensuring that local and financial interests receive consideration.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07</u>		<u>FY08</u>		<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
	<u>2006-2007</u>	<u>2007-2008</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
	<u>Actuals</u>	<u>Budgeted</u>					
SOURCES							
General Fund Transfers	45.0	95.0	220.0	95.0	220.0	95.0	0.0
Federal Revenues	5,403.8	8,767.7	8,740.0	8,767.7	8,740.0	8,550.0	-2.5
Other Revenues	10,391.9	10,894.3	10,773.9	10,894.3	10,773.9	10,751.4	-1.3
Fund Balance	1,051.1	175.0	809.0	175.0	809.0	701.5	300.9
SOURCES TOTAL	16,891.8	19,932.0	20,542.9	19,932.0	20,542.9	20,097.9	0.8
USES							
Personal Services and Employee Benefits	11,568.3	12,519.9	12,999.5	12,519.9	12,999.5	12,772.2	2.0
Contractual Services	596.4	1,423.5	1,290.2	1,423.5	1,290.2	1,290.2	-9.4
Other	4,329.8	5,491.3	5,755.9	5,491.3	5,755.9	5,538.2	0.9
Other Financing Uses	397.3	497.3	497.3	497.3	497.3	497.3	0.0
TOTAL USES	16,891.8	19,932.0	20,542.9	19,932.0	20,542.9	20,097.9	0.8
FTE							
Permanent	191.0	191.0	193.5	191.0	193.5	193.0	1.0
Term	2.0	2.0	4.0	2.0	4.0	2.0	0.0
Temporary	4.0	4.0	4.0	4.0	4.0	2.0	-50.0
TOTAL FTE POSITIONS	197.0	197.0	201.5	197.0	201.5	197.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Angler opportunity and success	84%	83%	80%	80%	80%
* Outcome	Number of days of elk hunting opportunity provided to New Mexico resident hunters on an annual basis	196,419	165,544	165,000	165,000	165,000
* Outcome	Percent of public hunting licenses drawn by New Mexico resident hunters	85%	83%	80%	80%	80%
* Output	Annual output of fish from the department's hatchery system, in pounds	441,707	410,579	425,000	425,000	425,000
Output	Acres of private land enrolled in access programs, open gate				60,000	60,000

CONSERVATION SERVICES

The purpose of the conservation services program is to provide information and technical guidance to any person wishing to conserve and enhance wildlife habitat and recover indigenous species of threatened and endangered wildlife.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	189.2	238.1	893.1	238.1	0.0
Other Transfers	7.3	5.0	5.0	5.0	0.0
Federal Revenues	3,737.9	3,358.0	4,250.0	3,500.0	4.2
Other Revenues	2,884.9	3,003.5	2,682.5	2,682.5	-10.7
Fund Balance	0.0	1,083.1	1,344.7	1,319.7	21.8
SOURCES TOTAL	6,819.3	7,687.7	9,175.3	7,745.3	0.7
USES					
Personal Services and Employee Benefits	2,328.7	2,530.3	2,757.5	2,557.5	1.1
Contractual Services	647.0	1,344.7	2,100.4	1,540.4	14.6
Other	2,657.3	3,812.7	4,317.4	3,647.4	-4.3
TOTAL USES	5,633.0	7,687.7	9,175.3	7,745.3	0.7
FTE					
Permanent	32.0	32.0	34.0	32.0	0.0
Term	8.0	8.0	9.0	8.0	0.0
Temporary	0.5	0.5	0.5	0.5	0.0
TOTAL FTE POSITIONS	40.5	40.5	43.5	40.5	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Number of acres of wildlife habitat conserved, enhanced or positively affected statewide	106,921	110,621	100,000	100,000	100,000
Outcome	Number of gaining access into nature opportunities offered	5	20	30		
* Output	Number of recreational days of access provided by gaining access into nature project				10,000	10,000
Output	Number of threatened and endangered species monitored, studied or involved in the recovery plan process	58	69	35	35	35
* Output	Wildlife management areas annually improved through habitat and recreational facility improvement projects.				25	25

WILDLIFE DEPREDATION AND NUISANCE ABATEMENT

The purpose of the wildlife depredation and nuisance abatement program is to provide complaint administration and intervention processes to private landowners, leaseholders and other New Mexicans so they may be relieved of and precluded from property damage, annoyances or risks to public safety caused by protected wildlife.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	9.3	0.0	0.0	0.0	***
Other Revenues	1,025.9	983.3	957.5	957.5	-2.6
Fund Balance	0.0	197.0	237.6	237.6	20.6
SOURCES TOTAL	1,035.2	1,180.3	1,195.1	1,195.1	1.3
USES					
Personal Services and Employee Benefits	285.7	325.8	339.1	339.1	4.1
Contractual Services	69.7	179.7	128.7	128.7	-28.4
Other	520.6	674.8	727.3	727.3	7.8
TOTAL USES	876.0	1,180.3	1,195.1	1,195.1	1.3
FTE					
Permanent	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	5.0	5.0	5.0	5.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of depredation complaints resolved within one year	95%	98%	95%	95%	95%
Output	Number of wildlife complaints responded to					

PROGRAM SUPPORT

The purpose of program support is to provide an adequate and flexible system of direction, oversight, accountability and support to all divisions so they may successfully attain planned outcomes for all department programs.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
Federal Revenues	490.4	653.0	238.3	238.3	-63.5
Other Revenues	5,136.2	6,423.4	6,532.6	6,532.6	1.7
Fund Balance	1,075.8	0.0	500.0	500.0	***
SOURCES TOTAL	6,702.4	7,076.4	7,270.9	7,270.9	2.7
USES					
Personal Services and Employee Benefits	3,876.0	4,400.0	4,451.7	4,451.7	1.2
Contractual Services	630.5	523.6	586.2	586.2	12.0
Other	2,195.9	2,152.8	2,233.0	2,233.0	3.7
TOTAL USES	6,702.4	7,076.4	7,270.9	7,270.9	2.7
FTE					
Permanent	57.0	57.0	58.0	59.0	3.5
Term	2.0	2.0	2.0	1.0	-50.0
TOTAL FTE POSITIONS	59.0	59.0	60.0	60.0	1.7

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of vacancies filled within one hundred twenty days of occurrence				75%	75%
Output	Number of contacts made to increase department diversity	30,163	33,644			
* Output	Percent of special hunt applications processed without error				99.8%	99.8%
Output	Percent of vacancies filled within one hundred eighty days of occurrence	97.6%	85%	90%		
Quality	Percent error rate in processing special hunt applications	<1%	<1%	<1%		
Quality	Percent of employee performance appraisals completed by anniversary date and submitted within state personnel guidelines	98.5%	95%	95%		

STATUTORY AUTHORITY:

The Energy, Minerals and Natural Resources Department (EMNRD) was created by Sections 9-5A-1 through 9-5A-7 NMSA 1978. The statute creates six divisions: Energy Conservation and Management, Forestry, State Parks, Mining and Minerals, Oil Conservation, and Administrative Services.

MISSION:

The mission of EMNRD is to position New Mexico as a national leader in energy and natural resource areas. This includes developing reliable supplies of energy and energy-efficient technologies with a balanced approach toward conserving renewable and nonrenewable resources; protecting the environment and ensuring responsible reclamation of land and resources affected by mineral extraction; growing and managing healthy, sustainable forests; and improving the state park system that protects New Mexico's natural, cultural, and recreational resources for posterity and contributes to a sustainable economy statewide.

BUDGET SUMMARY						
(dollars in thousands)						
	FY07		FY08		FY09 – 2008-2009	
	2006-2007	2007-2008	Agency	LFC	Percent	
	Actuals	Budgeted	Request	Recommendation	Incr (Decr)	
SOURCES						
General Fund Transfers	22,553.3	25,923.5	31,730.4	26,598.4	2.6	
Other Transfers	7,159.3	2,949.3	3,104.1	2,914.1	-1.2	
Federal Revenues	12,545.8	24,349.9	18,088.2	18,088.2	-25.7	
Other Revenues	13,373.7	14,964.5	13,137.1	13,137.1	-12.2	
Fund Balance	1,971.5	1,637.6	2,252.5	2,252.5	37.5	
SOURCES TOTAL	57,603.6	69,824.8	68,312.3	62,990.3	-9.8	
USES						
Personal Services and Employee Benefits	26,691.0	29,797.2	31,711.1	30,349.4	1.9	
Contractual Services	7,401.1	13,778.0	11,117.5	11,022.5	-20.0	
Other	13,540.6	21,831.9	21,220.4	17,355.1	-20.5	
Other Financing Uses	7,626.8	4,417.7	4,263.3	4,263.3	-3.5	
TOTAL USES	55,259.5	69,824.8	68,312.3	62,990.3	-9.8	
FTE						
Permanent	421.0	434.0	443.0	434.0	0.0	
Term	42.0	42.0	42.0	42.0	0.0	
Temporary	48.0	48.0	48.0	48.0	0.0	
TOTAL FTE POSITIONS	511.0	524.0	533.0	524.0	0.0	

BUDGET ISSUES:

For FY09, the agency's overall base request of \$63.5 million represented a \$4.5 million decrease over the FY08 operating budget of \$69.8 million, due primarily to federal funding reductions. However, included in the request was a \$2.8 million general fund increase over the FY08 general fund level of \$25.9 million. The agency also requested \$2.9 million in general fund expansion. While the agency applied vacancy rates in selected programs, additional vacancy savings were applied to the Program Support, Forestry, State Parks, and Mine Reclamation programs. The total FY09 general fund recommendation of \$26.5 million represents a 2.6 percent increase over FY08.

The Oil and Gas Conservation Program has generated significant controversy with proposed regulations that would require industry operators to employ a "closed-loop" drilling system, use storage tanks to separate liquids and solids, line pits, and transport waste offsite for disposal. Water is an essential state resource, both to industry and the environment. While the committee is supportive of the agency's environmental efforts to maintain the integrity of clean groundwater supplies, it is concerned by the promulgation of rules without first conducting an economic impact study to clarify costs of the proposed regulations, determine the effects on industry, and evaluate any potential loss of state revenues.

The committee recognizes the Mine Reclamation Program seeks to protect the public through the regulation of active and proposed mining facilities and the reclamation of abandoned mines. The program has recently begun an initiative to inventory and access unreclaimed uranium mine sites. In support of this effort, for FY09 the committee recommends a 10.6 percent increase from the general fund over FY08.

BASE EXPANSION:

The agency requested \$473 thousand in recurring appropriations from the general fund for a 9 FTE expansion distributed among the State Parks, Program Support, and Mine Reclamation Programs. It additionally requested a \$2.5 million recurring general fund expansion for wildfire management activities. The committee does not support the expansion requests and recommends that vacant FTE be reclassified to meet program requirements.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Mine reclamation FTE	(MINE RECL)	76.5	0.0
2	Revenue analyst	(PRG SUPPORT)	58.0	0.0
3	3 FTE to 4 FTE parks staffing	(ST PARKS)	339.1	0.0
4	Recurring emergency wildfire management fund	(FORESTS)	2,500.0	0.0
TOTAL			2,973.6	0.0

RENEWABLE ENERGY AND ENERGY EFFICIENCY

The purpose of the renewable energy and energy efficiency program is to develop and implement clean energy programs in order to decrease per capita energy consumption, utilize New Mexico's substantial renewable energy resources, minimize local, regional and global air emissions, lessen dependence on foreign oil and reduce in-state water demands associated with fossil-fueled electrical generation.

**BUDGET SUMMARY
(dollars in thousands)**

			<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	856.8	1,186.2	1,216.8	1,204.1	1.5
Other Transfers	533.9	0.0	0.0	0.0	***
Federal Revenues	730.8	1,253.8	799.1	799.1	-36.3
Fund Balance	533.9	0.0	0.0	0.0	***
SOURCES TOTAL	2,655.4	2,440.0	2,015.9	2,003.2	-17.9
USES					
Personal Services and Employee Benefits	1,023.7	1,323.4	1,336.6	1,336.6	1.0
Contractual Services	881.0	796.8	460.9	460.9	-42.2
Other	213.3	319.8	218.4	205.7	-35.7
Other Financing Uses	533.9	0.0	0.0	0.0	***
TOTAL USES	2,651.9	2,440.0	2,015.9	2,003.2	-17.9
FTE					
Permanent	9.0	13.0	13.0	13.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	11.0	15.0	15.0	15.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Explanatory	Annual utility costs for state-owned buildings in dollars	19,991,908	13,150,000	13,023,000		
* Outcome	Percent reduction in energy use in public facilities receiving energy efficiency retrofit projects through the Energy Efficiency and Renewable Energy Bonding Act, the Public Facilities Energy Efficiency Act, the Water Conservation Act or the clean energy projects program	20%	10%	10%	10%	10%
* Outcome	Percent of total transportation fuels used by state agencies produced from renewable sources				10%	10%
* Outcome	Percent of retail electricity sales from investor-owned utilities in New Mexico from renewable energy sources				8%	8%
Outcome	Percent of inventoried alternative energy projects evaluated annually			30%	30%	30%
Outcome	Percent decrease in gasoline consumption by state and local government fleets through the application of alternative transportation fuel technologies	20%	15%	15%		
Output	Number of inventoried clean energy projects evaluated annually				50	50

HEALTHY FORESTS

The purpose of the healthy forests program is to promote the health of New Mexico's forest lands by managing wildfires, mitigating urban interface fire threats and providing stewardship of private and state forest lands and associated watersheds.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,387.8	3,534.6	7,020.3	3,731.2	5.6
Other Transfers	329.9	0.0	0.0	0.0	***
Federal Revenues	4,315.3	8,205.5	4,112.2	4,112.2	-49.9
Other Revenues	1,016.9	572.8	561.7	561.7	-1.9
Fund Balance	129.2	99.3	100.0	100.0	0.7
SOURCES TOTAL	9,179.1	12,412.2	11,794.2	8,505.1	-31.5
USES					
Personal Services and Employee Benefits	4,042.5	4,166.9	4,366.6	4,183.9	0.4
Contractual Services	1,024.1	2,615.3	1,418.3	1,418.3	-45.8
Other	3,558.3	5,630.0	6,009.3	2,902.9	-48.4
Other Financing Uses	329.9	0.0	0.0	0.0	***
TOTAL USES	8,954.8	12,412.2	11,794.2	8,505.1	-31.5
FTE					
Permanent	57.0	57.0	57.0	57.0	0.0
Term	11.0	11.0	11.0	11.0	0.0
TOTAL FTE POSITIONS	68.0	68.0	68.0	68.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Number of fire and insect vulnerability assessments and number of implemented mitigation programs in high-risk communities	57				
* Outcome	Percent of at-risk communities participating in collaborative wildfire protection planning			25%	25%	25%
* Output	Number of nonfederal wildland firefighters provided professional and technical incident command system training	1,384	1,201	500	500	500
* Output	Number of acres restored in New Mexico's forests and watersheds				8,000	8,000
Output	Number of agreements established, workshops and training conducted and plans developed to support and maintain small diameter and woody biomass industries		0	15		

STATE PARKS

The purpose of the state parks program is to create the best recreational opportunities possible in state parks by preserving cultural and natural resources, continuously improving facilities and providing quality, fun activities and to do it all efficiently.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	10,573.4	12,861.3	14,333.6	13,071.5	1.6
Other Transfers	2,945.8	2,814.2	2,810.3	2,620.3	-6.9
Federal Revenues	2,284.5	8,755.9	6,606.8	6,606.8	-24.5
Other Revenues	8,709.8	8,334.3	8,619.9	8,619.9	3.4
Fund Balance	264.9	1,538.3	1,758.8	1,758.8	14.3
SOURCES TOTAL	24,778.4	34,304.0	34,129.4	32,677.3	-4.7
USES					
Personal Services and Employee Benefits	11,865.0	13,379.9	14,560.9	13,603.7	1.7
Contractual Services	1,240.4	4,219.7	3,741.3	3,646.3	-13.6
Other	8,047.4	14,205.2	13,168.1	12,768.2	-10.1
Other Financing Uses	2,487.1	2,499.2	2,659.1	2,659.1	6.4
TOTAL USES	23,639.9	34,304.0	34,129.4	32,677.3	-4.7
FTE					
Permanent	233.0	239.0	246.0	239.0	0.0
Term	6.0	6.0	6.0	6.0	0.0
Temporary	48.0	48.0	48.0	48.0	0.0
TOTAL FTE POSITIONS	287.0	293.0	300.0	293.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Number of acres added to state parks				40	40
* Outcome	Percent of visitors satisfied with state parks				80%	80%
Outcome	Percent completion of new parks and park expansion projects receiving appropriations		45%	45%		
* Output	Number of interpretive programs available to park visitors	2,285	2,415	2,500	2,600	2,600
Output	Miles added to state parks trails and the Rio Grande trail				20	20
Output	Number of persons who complete a certified New Mexico boating safety education course				800	800
* Explanatory	Number of visitors to state parks	4,157,169	4,031,352	4,000,000	4,000,000	4,000,000
* Explanatory	Self-generated revenue per visitor, in dollars	\$0.94	\$0.935	\$0.83	\$0.85	\$0.85

MINE RECLAMATION

The purpose of the mine reclamation program is to implement the state laws that regulate the operation and reclamation of hard rock and coal mining facilities and to reclaim abandoned mine sites.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	411.7	461.7	587.0	510.5	10.6
Other Transfers	741.7	0.0	0.0	0.0	***
Federal Revenues	3,029.7	3,072.6	3,857.0	3,857.0	25.5
Other Revenues	718.7	946.0	906.8	906.8	-4.1
SOURCES TOTAL	4,901.8	4,480.3	5,350.8	5,274.3	17.7
USES					
Personal Services and Employee Benefits	2,354.0	2,505.2	2,662.2	2,591.7	3.5
Contractual Services	617.8	1,598.9	2,331.3	2,331.3	45.8
Other	220.5	376.2	357.3	351.3	-6.6
Other Financing Uses	741.7	0.0	0.0	0.0	***
TOTAL USES	3,934.0	4,480.3	5,350.8	5,274.3	17.7
FTE					
Permanent	16.0	16.0	17.0	16.0	0.0
Term	15.0	15.0	15.0	15.0	0.0
TOTAL FTE POSITIONS	31.0	31.0	32.0	31.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation		97.5%	100%	96%	96%
Outcome	Percent of required inspections conducted per year to ensure mining is being conducted in compliance with approved permits and regulations			100%	100%	100%
* Output	Percent of abandoned uranium mines with current site assessments				96%	96%

OIL AND GAS CONSERVATION

The purpose of the oil and gas conservation program is to assure the conservation and responsible development of oil and gas resources through professional and dynamic regulation.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	4,111.0	4,433.0	4,769.3	4,433.0	0.0
Other Transfers	2,558.0	85.1	80.0	80.0	-6.0
Federal Revenues	496.0	544.5	478.0	478.0	-12.2
Other Revenues	2,928.3	5,111.4	3,048.7	3,048.7	-40.4
Fund Balance	1,043.5	0.0	393.7	393.7	***
SOURCES TOTAL	11,136.8	10,174.0	8,769.7	8,433.4	-17.1
USES					
Personal Services and Employee Benefits	3,846.7	4,638.8	4,550.4	4,550.4	-1.9
Contractual Services	3,620.8	4,530.7	3,142.9	3,142.9	-30.6
Other	1,070.2	886.0	972.2	635.9	-28.2
Other Financing Uses	2,597.2	118.5	104.2	104.2	-12.1
TOTAL USES	11,134.9	10,174.0	8,769.7	8,433.4	-17.1
FTE					
Permanent	61.0	63.0	63.0	63.0	0.0
Term	5.0	5.0	5.0	5.0	0.0
TOTAL FTE POSITIONS	66.0	68.0	68.0	68.0	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Output	Number of orphan wells plugged	35				
* Outcome	Percent increase in the amount of water diverted from disposal for other uses				10%	10%
Outcome	Percent of inventoried orphaned wells plugged annually	27.8%	22%	25%		
* Output	Number of inspections of oil and gas wells and associated facilities	28,553	24,400	21,750	23,000	23,000
* Output	Number of inactive wells				120	120
Output	Number of formal notices of violation issued	80				
Explanatory	Number of inventoried orphaned wells statewide		120	90		
Explanatory	Number of complaints received from landowners or lessees regarding split-estate or producer-impact activities			12		
Efficiency	Percent of applications for administrative orders reviewed within thirty days	80%	80%			

LEADERSHIP AND SUPPORT PROGRAM

The purpose of program leadership and support is to provide leadership, set policy and provide support for every division in achieving their goals.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,212.6	3,446.7	3,803.4	3,648.1	5.8
Other Transfers	50.0	50.0	213.8	213.8	327.6
Federal Revenues	1,689.5	2,517.6	2,235.1	2,235.1	-11.2
SOURCES TOTAL	4,952.1	6,014.3	6,252.3	6,097.0	1.4
USES					
Personal Services and Employee Benefits	3,559.1	3,783.0	4,234.4	4,083.1	7.9
Contractual Services	17.0	16.6	22.8	22.8	37.3
Other	430.9	414.7	495.1	491.1	18.4
Other Financing Uses	937.0	1,800.0	1,500.0	1,500.0	-16.7
TOTAL USES	4,944.0	6,014.3	6,252.3	6,097.0	1.4
FTE					
Permanent	45.0	46.0	47.0	46.0	0.0
Term	3.0	3.0	3.0	3.0	0.0
TOTAL FTE POSITIONS	48.0	49.0	50.0	49.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Number of emergency responder and shipment inspection trainings and practice exercises conducted related to the waste isolation pilot plant			40	40	40
Outcome	Percent of prior-year financial audit findings resolved			100%	100%	100%
Outcome	Percent of time local area computer network is available			95%	95%	95%

STATUTORY AUTHORITY:

Sections 9-5B-1 through 9-5B-11 NMSA 1978 establish the New Mexico Youth Conservation Corps Act. The purpose of the act is to provide employment for youth in public projects that conserve New Mexico's natural resources and provide community benefits of lasting value. The corps is administratively attached to the New Mexico Energy, Minerals and Natural Resources Department (EMNRD).

MISSION:

To promote the education, success and well-being of the youth of New Mexico through the conservation and enhancement of the state's natural resources and lasting community benefits.

BUDGET SUMMARY						
(dollars in thousands)						
			FY09 – 2008-2009		Percent Incr (Decr)	
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
Other Revenues	2,843.5	2,428.7	2,775.4	2,775.4	14.3	
SOURCES TOTAL	2,843.5	2,428.7	2,775.4	2,775.4	14.3	
USES						
Personal Services and Employee Benefits	141.4	147.0	146.3	146.3	-0.5	
Contractual Services	1,907.7	2,174.5	2,512.4	2,512.4	15.5	
Other	54.9	57.2	66.7	66.7	16.6	
Other Financing Uses	50.0	50.0	50.0	50.0	0.0	
TOTAL USES	2,154.0	2,428.7	2,775.4	2,775.4	14.3	
FTE						
Permanent	2.0	2.0	2.0	2.0	0.0	
TOTAL FTE POSITIONS	2.0	2.0	2.0	2.0	0.0	

BUDGET ISSUES:

The primary focus of the Youth Conservation Corps (YCC) is to promote youth employment, values, training, and tuition. It is a 2 FTE program primarily funded with government gross receipt tax revenues and fund balances from the youth conservation corps fund.

In FY07, the Youth Conservation Corps solicited proposals and received 41 applications that encourage youth to promote conservation and enhance the state's natural resources through community projects. It subsequently awarded 30 grants to programs throughout the state including the following: Jemez State Monument (\$114 thousand); the town of Silver City (\$145 thousand); the city of Gallup (\$149 thousand); Santa Clara Pueblo (\$73 thousand), and the Rio Grande Educational Collaborative (\$82 thousand). Projects vary from the installation of murals at a convention center, to improvement of nature and bicycle trails, to park maintenance and repairs. While the committee finds considerable merit in the agency's programs, it recommends additional performance measures be developed to more effectively measure the benefits received by the public.

The agency requested a \$347 thousand base increase over FY08 funding levels to budget anticipated FY09 revenues. Of this increase, \$338 thousand is reflected in the contractual services category where it will be directly applied as grants to local government agencies, nonprofit organizations and Native American tribes and pueblos.

YOUTH CONSERVATION CORPS

The purpose of the youth conservation corps program is to provide funding for the employment of New Mexicans between the ages of fourteen and twenty-five to work on projects that will improve New Mexico's natural, cultural, historical and agricultural resources.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
*	Outcome	Percent of projects completed within one year			95%	95%
	Outcome	Percent of training hours to total hours provided to corps members	10%			
	Outcome	Percent of grant awards used toward wages for corps members	75%	75%	75%	75%
	Outcome	Percent of projects completed during the year	92%	n/a	95%	
*	Output	Number of youth employed annually	546	625	625	625
	Output	Number of cash bonuses and tuition vouchers awarded	11	18	18	
	Output	Number of projects funded in a year that improve New Mexico's natural resources and provide lasting community benefits	32	32	45	

STATUTORY AUTHORITY:

The Intertribal Ceremonial Office was created pursuant to the Intertribal Ceremonial Act, Sections 9-15C-1 through 9-15C-5 NMSA 1978, and is administratively attached to the Tourism Department.

		BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
		FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES						
	General Fund Transfers	175.0	157.9	159.7	159.7	1.1
	Fund Balance	0.0	20.0	20.0	20.0	0.0
	SOURCES TOTAL	175.0	177.9	179.7	179.7	1.0
USES						
	Personal Services and Employee Benefits	90.0	104.9	106.1	106.1	1.1
	Contractual Services	75.0	63.0	63.0	63.0	0.0
	Other	10.0	10.0	10.6	10.6	6.0
	TOTAL USES	175.0	177.9	179.7	179.7	1.0
FTE						
	Permanent	2.0	2.0	2.0	2.0	0.0
	TOTAL FTE POSITIONS	2.0	2.0	2.0	2.0	0.0

BUDGET ISSUES:

Re-established in 2005, the mission of Intertribal Ceremonial Office is to plan and coordinate the annual Intertribal Ceremonial in Gallup.

The committee recommends full funding of the agency request for FY09 to support 2 FTE and contracts to carry out the event. The agency administers the nonreverting intertribal ceremonial fund, and the agency should be able develop other revenue sources -- including concessions, sponsorships, and ticket sales -- to replace general fund revenue. Ticket sales for the 2007 event were down 26 percent from the prior year, while sponsorships and sales both grew. The drop in ticket sales is due partly to "outsourcing" the rodeo from the ceremonial event. The agency is developing a marketing plan to increase attendance at the ceremonial.

In 1996, the state agency coordinating the event was abolished and a nonprofit board was established to plan and coordinate the event. When the board encountered financial difficulty, the state agency was re-established to provide stability for the event. An executive director and seven-member board oversee the planning and operations for the ceremonial. The still existing nonprofit board remains active, and the transition of authority to the new state board and agency has been difficult.

INTERTRIBAL CEREMONIAL OFFICE

The purpose of the intertribal ceremonial office is to aid in the planning, coordination and development of an intertribal ceremonial event in coordination with the Native American population in order to host a successful event.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent of operating revenue from sources other than the general fund		0	10	10	10
Output	Number of sponsorships	75	75	80	100	100
Output	Dollar value of sponsorships	\$114,600	\$132,700	\$125,000	\$150,000	\$150,000
* Output	Number of intertribal ceremonial tickets sold	17,503	12,966	20,000	16,000	18,000

STATUTORY AUTHORITY:

The Commissioner of Public Lands is an elective office created by the New Mexico Constitution (Article V, Section 1). Responsibilities of the office are provided in Sections 19-1-1 through 19-1-22 NMSA 1978 and consist of the management, care, custody, and control of state trust lands allocated to specific beneficiaries by the federal Ferguson Act. State trust lands include 8.9 million land surface acres and 13.4 million subsurface, or mineral, acres administered by the commissioner of public lands through the State Land Office (SLO). Each acre of land is designated to a specific beneficiary, with educational institutions the beneficiary of 90 percent of the acreage. The agency is divided into three primary divisions: Surface Resources Management; Oil, Gas, and Mineral Resources; and Administrative Services.

Activities of SLO include leasing state trust lands for mineral, oil and gas development, and agricultural uses; processing and collecting rentals and royalties from the lease of trust lands, including related audit and collection efforts; identifying trust lands with commercial and residential potential and planning or overseeing planning of those lands; leasing and exchanging land for commercial, industrial, and recreation uses; and issuing rights of way to various interests.

BUDGET SUMMARY (dollars in thousands)					
	<u>FY09 – 2008-2009</u>				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Other Revenues	12,331.1	13,724.8	13,724.8	13,724.8	0.0
SOURCES TOTAL	12,331.1	13,724.8	13,724.8	13,724.8	0.0
USES					
Personal Services and Employee Benefits	9,289.4	10,193.7	10,259.5	10,259.5	0.6
Contractual Services	827.6	858.2	858.2	858.2	0.0
Other	1,697.0	2,155.8	2,104.4	2,104.4	-2.4
Other Financing Uses	517.1	517.1	502.7	502.7	-2.8
TOTAL USES	12,331.1	13,724.8	13,724.8	13,724.8	0.0
FTE					
Permanent	155.0	155.0	155.0	155.0	0.0
TOTAL FTE POSITIONS	155.0	155.0	155.0	155.0	0.0

BUDGET ISSUES:

The agency’s FY09 request of \$13.7 million was solely other program revenue from the Land Office maintenance fund. Surplus balances of the maintenance fund are distributed to beneficiaries, including schools. So, indirectly, agency spending reduces general fund revenue. The request is flat relative to FY08.

For FY09, the agency anticipates revenues of \$433.8 million, primarily drawn from royalties on oil and gas and other minerals but also from rental payments from leases and right-of-way easements. FY09 distributions to beneficiaries are projected to be \$419.9 million.

RECOMMENDED LANGUAGE:

The commissioner of public lands is authorized to hold in suspense amounts received pursuant to agreements entered into for the sale of state royalty interests that, as a result of the sale, became eligible for tax credits under Section 29 of the Internal Revenue Code, above those amounts required by law to be transferred to the land grant permanent fund. The commissioner may expend as much of the money so held in suspense, as well as additional money held in escrow accounts resulting from the sales and money held in fund balance, as is necessary to repurchase the royalty interests pursuant to the agreements.

LAND TRUST STEWARDSHIP

The purpose of the land trust stewardship program is to generate sustainable revenue from state trust lands to support public education and other beneficiary institutions and to build partnerships with all New Mexicans to conserve, protect and maintain the highest level of stewardship for these lands so that they may be a significant legacy for generations to come.

PERFORMANCE MEASURES

		FY06	FY07	FY08	FY09	FY09
		Actual	Actual	Budget	Request	Recomm
* Outcome	Bonus income per leased acre from oil and gas activities	\$255.69	256.84	\$212.15	\$297.43	\$297.43
* Output	Total trust revenue generated, in millions	\$495.2	\$475.8	\$382.4	\$431.7	\$431.7
* Outcome	Dollars generated through oil, natural gas and mineral audit activities, in millions	\$13.3	\$15.4	\$4.0	\$3.5	\$3.5
* Output	Average income per acre from oil, natural gas and mineral activities	\$131.76	\$146.23	\$136.88	\$141.29	\$141.29
* Output	Average income per acre from agriculture leasing activities	\$.97	\$.88	\$.82	\$.82	\$.82
* Output	Average income per acre from commercial leasing activities	\$19.70	\$16.25	\$14.67	\$12.50	\$12.50
Output	Number of lease and attachment documents imaged	237,800	546,000	500,000	300,000	300,000
* Output	Percent of total trust revenue generated allocated to beneficiaries	97%	97%	84%	97%	97%

STATUTORY AUTHORITY:

The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) are interrelated, companion agencies. Pursuant to Section 72-2-1 through 72-2-17 NMSA 1978, the state engineer, appointed by the governor and confirmed by the Senate, is responsible for supervision of New Mexico's water resources, including the measurement, appropriation, and distribution of the resources.

ISC consists of nine members, eight of whom are appointed by the governor. The ninth member is the state engineer, who serves as the commission secretary. Pursuant to Section 72-14-1 through 72-14-44 NMSA 1978, ISC negotiates compacts with other states, settles interstate water controversies, and is responsible for fostering equitable distribution and division of water in interstate stream systems. New Mexico is currently party to eight interstate stream compacts. ISC also operates and maintains the Ute Dam. ISC has an administrative director who also serves as the deputy state engineer.

Agency functions include water rights application and disposition; administrative hearings; water rights adjudication; computer database abstraction, imaging, and population; water delivery via interstate compacts; water metering; water conservation; acequia and community ditch improvement; and collaboration with federal agencies and New Mexico water users to meet the requirements of the Endangered Species Act.

MISSION:

The mission of the OSE is to actively protect and manage the water resources of New Mexico for beneficial uses by its people and in accordance with law.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	22,000.7	25,387.5	30,715.6	29,062.6	14.5
Other Transfers	16,933.3	13,648.1	9,017.6	9,017.6	-33.9
Federal Revenues	54.9	0.0	0.0	0.0	***
Other Revenues	9,143.3	7,890.7	8,764.3	8,764.3	11.1
Fund Balance	12,320.9	6,809.1	1,078.4	1,078.4	-84.2
SOURCES TOTAL	60,453.1	53,735.4	49,575.9	47,922.9	-10.8
USES					
Personal Services and Employee Benefits	22,567.6	24,014.2	25,438.7	24,448.9	1.8
Contractual Services	10,082.4	8,897.1	9,537.9	8,892.9	0.0
Other	5,779.0	5,168.7	5,581.7	5,563.5	7.6
Other Financing Uses	16,635.3	15,655.4	9,017.6	9,017.6	-42.4
TOTAL USES	55,064.3	53,735.4	49,575.9	47,922.9	-10.8
FTE					
Permanent	331.0	354.5	377.5	362.5	2.3
TOTAL FTE POSITIONS	331.0	354.5	377.5	362.5	2.3

BUDGET ISSUES:

For FY09, OSE's overall base request of \$47.5 million represented a \$6.2 million decrease over the FY08 operating budget of \$53.7 million. This decrease was primarily attributable to the retirement of debt associated with the 1997 Legislative authorization to sell revenue bonds to support the Lower Rio Grande hydrographic survey and the elimination of the need to budget trust fund revenues through the hydrographic income fund. The request also included a general fund increase of \$2.9 million in the Litigation and Adjudication program, which replaced the FY08 appropriation of \$2.9 million in other transfers associated with the budgeting of severance tax bond proceeds for adjudication. This would return the program's general fund level to pre-FY08 levels. The request included a 4.9 percent vacancy rate across programs.

For several years running, the committee recommended significant increases from the general fund to offset the agency's reliance on special appropriations and fund balances for what are essentially recurring operating costs. This was particularly true with respect to federal Endangered Species Act and National Environmental Policy mandates. In FY08, the committee recommended a \$4.4 million increase in the general fund base to support these activities and, for FY09, funding is now included in the agency's base budget. However, a FY08 special appropriation of \$945 thousand Gila Basin water development was vetoed.

One of the central issues facing OSE is the interpretation of Laws 2005, Chapter 293 (HB1110), which allows 10 percent of all funds in the water project fund to be used for water rights adjudication. The specific question focuses on the use of tax-exempt bond proceeds to fund agency operating costs, as opposed to funding adjudication activities that create capital assets. To clarify the matter, LFC Staff requested an opinion from the Attorney General and, in July 2007, a response was received noting that the proceeds were not to be used to fund personnel costs or general agency operating expenses. Accordingly, in FY09, the committee recommends that these funds be applied to capital expenditures in support of agency adjudication efforts, such as ground- and surface-water measurement control devices. The agency's capital request for 2008 included \$4.5 million for surface and ground water measurement, which would certainly enhance adjudication.

A second issue impacting the OSE budget involves the adjudication of water rights, the legal process for establishing a right to use certain waters, determining a priority date, and quantifying the extent of the water right. While the State Engineer may institute the adjudication process, in New Mexico there exists no "preferred" or "generally accepted" procedure for adjudicating water rights, a situation that gives rise to numerous collateral problems: no evident progress or slow progress in adjudication, no statutory basis for adjudication so rules may be applied inconsistently, the perception the State Engineer has an adversarial relationship with the public, and confusion on part of the public as to how to respond to the State Engineer's processes. Agency performance data seem to support this conclusion, noting that, for FY06 to FY07, the percentage of water rights adjudications with judicial determinations rose only from 41 percent to 42 percent.

The next major adjudication for New Mexico will be the Middle Rio Grande where the State Engineer estimates that there may be some 180,000 water rights claimants. OSE further projects that the adjudication may take 40 years, with total costs running to some \$240 million. As discussed in Volume I, in response to committee concerns, the Administrative Office of the Courts (AOC) suggested procedures that seek to expedite the Middle Rio Grande adjudication and to adjudicate water rights judicially, rather than administratively.

In anticipation of the Middle Rio Grande adjudication, the committee supports the creation of a staff working group, to include the Administrative Office of the Courts, OSE, Attorney General, Department of Finance and Administration, Legislative Finance Committee, and Legislative Council Service, to develop detailed amendments to the adjudication statutes. The committee also supports the establishment of a Middle Rio Grande adjudication pilot project, the adoption, in statute, of general reform goals for the Middle Rio Grande adjudication; the creation of a Middle Rio Grande water court effective July 1, 2009, (FY10); and general fund appropriations adequate to support the Middle Rio Grande pilot project and including personnel and technical resources for the both OSE and the courts.

The agency administers the irrigation works construction fund (IWCF) and the improvement of the Rio Grande income fund (IRGIF), both funded with revenue generated from trust lands. IWCF supports the design and improvement of acequias, construction and rehabilitation of farm irrigation works, dam rehabilitation, and legal proceedings and projects that improve the efficient use, management, and availability of the state's water. IRGIF supports efficient use, management, and availability of water in the Rio Grande, including vegetation management in Elephant Butte and Caballo reservoirs, water salvage projects in the Middle Rio Grande such as the Elephant Butte Pilot channel project, channel maintenance along the Rio Chama below Abiquiu Dam, levee and flood control projects, and data collection to evaluate reclamation programs. At the requested level of expenditure, OSE projected fund balances at the end of FY09 will be \$10.6 million for IWCF and \$2.4 million for IRGIF.

For FY09 the agency requested \$9.5 million in contractual services to support day-to-day operations and the committee recommends the agency take steps to significantly reduce contract costs and use existing staff to conduct agency activities. The committee is also concerned with the lack of progress on capital outlay projects. For example, for the five-year period FY02 through FY07, the agency has received capital appropriations of \$133.9 million. Of this amount, while \$70 million has been expended or encumbered, as of October 2007 the unexpended balance was \$63.9 million.

BASE EXPANSION:

The Water Resources Allocation Program (WRAP) is primarily responsible for processing water rights applications, conducting the scientific research for making those water rights decisions, maintaining water rights records, and enforcing any conditions or restrictions on water use. For FY09, the agency requested to expand WRAP by \$396.4 thousand from the general fund and 4 FTE. The committee supports \$154.4 thousand for water rights abstracting contracts, part of the request, and while not requested by the agency, the conversion to permanent status of 5.5 unauthorized FTE currently included in program's base request.

The Interstate Stream Compact Compliance Program (ISC) has broad powers to investigate, protect, conserve and develop New Mexico's waters, including both interstate and intrastate stream systems. For FY09, the agency requested to expand the ISC program by \$442.7 thousand from the general fund and 1 FTE. The committee supports the 1 permanent FTE expansion for an

acequia engineer. The committee additionally supports the conversion of the term Eagle Nest dam caretaker to permanent status.

The Litigation and Adjudication Program (LAP) serves as the legal advisor to the State Engineer. The program provides legal representation to the Water Resources Allocation Program in all water-use-permit administrative hearings and to the State Engineer in appeals of his decisions to district court. Technical staff in the program's Hydrographic Survey Bureau performs hydrographic surveys and provide the foundation documentation for all adjudications. For FY09, the agency requested to expand LAP by 10 FTE and \$3.6 million from the general fund, primarily to replace \$2.9 million in other transfers associated with the budgeting of severance tax bond proceeds for adjudication money. The committee supports \$2.9 million from the general fund to replace the severance tax bond proceeds, and additionally supports a \$260 thousand in general fund increase for the 4 FTE expansion associated with Middle Rio Grande adjudications.

Program Support (PSP) provides administrative and management support services. For FY09, the agency requested to increase program support by \$495.5 thousand from the general fund to support a 7 FTE expansion. The committee supports the expansion of 1 FTE for information technology and 1 FTE for administrative hearings.

RECOMMENDED LANGUAGE:

For the Water Resource Allocation Program:

The internal services funds/interagency transfers appropriations to the water resource allocation program of the state engineer include one hundred forty-seven thousand six hundred dollars (\$147,600) from the improvement of Rio Grande income fund and four hundred twenty-nine thousand eight hundred dollars (\$429,800) from the New Mexico irrigation works construction fund.

For the Interstate Stream Compact Compliance and Water Development Program:

The internal services funds/interagency transfers appropriations to the interstate stream compact compliance and water development program of the state engineer include seven hundred eighty-two thousand six hundred dollars (\$782,600) from the improvement of the Rio Grande income fund and five million two hundred eighty thousand seven hundred dollars (\$5,280,700) from the irrigation works construction fund.

Revenue from the sale of water to United States government agencies by New Mexico for the emergency drought water agreement dated April 2003, which expires February 28, 2013, and from contractual reimbursements associated with state engineer use of the revenue is appropriated to the state engineer for the conservation and recovery of the listed species in the middle Rio Grande basin, including the optimizing of middle Rio Grande conservancy district operations.

Revenue from the sale of water to United States government agencies by New Mexico resulting from litigation settlement between New Mexico and the United States implemented by the conservation water agreement dated June 29, 2001, and from contractual reimbursements associated with state engineer use of the revenue is appropriated to the state engineer for use as required by the conservation water agreement.

The appropriations to the interstate stream compact compliance and water development program of the state engineer include (1) one million nine hundred thousand dollars (\$1,900,000) to (a) match seventeen and one-half percent of the cost of work undertaken by the United States army corps of engineers pursuant to the Federal Water Resources Development Act of 1986, provided that no amount of this appropriation shall be expended for any project unless the appropriate acequia system or community ditch has agreed to provide seven and one-half percent of the cost from any source other than the irrigation works construction fund or improvement of the Rio Grande income fund and provided that no more than two hundred fifty thousand dollars (\$250,000) shall be allocated to one acequia per fiscal year, and (b) for the construction, improvement, repair and protection from floods of dams, reservoirs, ditches, flumes and appurtenances of community ditches in the state through the interstate stream commission 80/20 program, provided that not more than one hundred twenty thousand dollars (\$120,000) of this appropriation shall be used for any one community ditch and that state funds other than loans may be used to meet the association's twenty percent share of the total cost of the project; and (2) two hundred thousand dollars (\$200,000) for engineering services for approved acequia projects.

The interstate stream commission's authority to make loans for irrigation improvements includes five hundred thousand dollars (\$500,000) for loans to acequia, irrigation and conservancy districts. The interstate stream commission's authority also includes five hundred thousand dollars (\$500,000) for loans to irrigation districts, conservancy districts and soil and water conservation districts for re-loan to farmers for implementation of water conservation improvements.

The interstate stream commission's authority to make loans from the New Mexico irrigation works construction fund includes two million dollars (\$2,000,000) to irrigation districts, acequias, conservancy districts and soil and water conservation districts for purchase and installation of meters and measuring equipment. The maximum loan term is five years.

For the Litigation and Adjudication Program:

The internal services funds/interagency transfers appropriations to the litigation and adjudication program of the state engineer include one million nine hundred thirteen thousand dollars (\$1,913,000) from the New Mexico irrigation works construction fund.

For the Program Support Program:

The internal services funds/interagency transfers appropriations to the program support program of the state engineer include four hundred sixty-three thousand nine hundred dollars (\$463,900) from the New Mexico irrigation works construction fund.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
01	GF replacement of base water projects funding	(ADJUDICTN)	0.0	0.0
02	Backlog FTE conversion of term to perm	(ALLOCATION)	153.4	0.0
03	Middle Rio Grande bureau startup	(ADJUDICTN)	260.0	260.0
04	Water rights abstracting contracts	(ALLOCATION)	154.4	154.4
05	Updating regional water plans	(ISC COMPL)	345.0	0.0
06	Information technology staffing	(PRG SUPPORT)	292.6	75.0
07	Alternative resolution hearing officer	(PRG SUPPORT)	107.7	107.7
08	Human resource specialist	(PRG SUPPORT)	47.8	0.0
09	Dam rehabilitation engineer	(ALLOCATION)	88.6	0.0
10	Eagle Nest dam caretaker perm position	(ISC COMPL)	0.0	0.0
11	Public outreach/communication position	(PRG SUPPORT)	47.7	0.0
12	Acequia engineer perm	(ISC COMPL)	97.7	97.7
13	Adjudication term to perm conversion	(ADJUDICTN)	452.9	0.0
14	Conversion of 5.5 unauthorized FTE to perm	(ALLOCATION)	0.0	0.0
TOTAL			2,047.8	694.8

WATER RESOURCE ALLOCATION

The purpose of the water resource allocation program is to provide for efficient use of the available surface and underground waters of the state to all New Mexicans so they can maintain their quality of life and to provide safety inspections of all nonfederal dams within the state, to owners and operators of such dams, so they can operate the dam safely.

**BUDGET SUMMARY
(dollars in thousands)**

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	9,735.2	12,771.5	13,336.0	12,894.0	1.0
Other Transfers	509.3	577.4	577.4	577.4	0.0
Other Revenues	484.5	543.5	527.9	527.9	-2.9
Fund Balance	2,529.2	0.0	0.0	0.0	***
SOURCES TOTAL	13,258.2	13,892.4	14,441.3	13,999.3	0.8
USES					
Personal Services and Employee Benefits	10,256.0	11,470.0	11,563.7	11,331.9	-1.2
Contractual Services	1,295.1	1,042.0	1,236.4	1,036.4	-0.5
Other	1,650.5	1,380.4	1,641.2	1,631.0	18.2
TOTAL USES	13,201.6	13,892.4	14,441.3	13,999.3	0.8
FTE					
Permanent	162.0	184.5	188.5	184.5	0.0
TOTAL FTE POSITIONS	162.0	184.5	188.5	184.5	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u> 22,000	<u>FY09 Request</u> 22,000	<u>FY09 Recomm</u> 22,000
* Outcome	Number of transactions abstracted annually into the water administration technical engineering resource system database					
Outcome	Percent readiness to perform active water resource management within lower San Juan river basin	89%	91%	93%	95%	95%
Outcome	Percent readiness to perform active water resource management within lower Rio Grande river basin	51%	60%	60%	65%	65%
Outcome	Percent of applications abstracted into the water administration technical engineering resource system database	50.9%	56.6%	58%	-	58%
Outcome	Percent readiness to perform active water resource management within lower Pecos river basin	51%	57%	65%	70%	70%
* Output	Average number of protested and aggrieved applications processed per month	11	9	9	9	9
* Explanatory	Number of unprotested and unaggrieved water right applications backlogged	765	599	850	630	630
* Explanatory	Number of protested and aggrieved water rights backlogged	246	288	250	340	340
* Output	Average number of unprotested new and pending applications processed per month	67	82.3	60	80	80

INTERSTATE STREAM COMPACT COMPLIANCE AND WATER DEVELOPMENT

The purpose of the interstate stream compact compliance and water development program is to provide resolution of federal and interstate water issues and to develop water resources and stream systems for the people of New Mexico so they can have maximum sustained beneficial use of available water resources.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	<u>FY09 - 2008-2009</u>		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,773.3	6,805.3	7,248.0	6,803.0	0.0
Other Transfers	6,160.8	5,646.3	6,063.3	6,063.3	7.4
Federal Revenues	54.9	0.0	0.0	0.0	***
Other Revenues	879.2	297.2	297.2	297.2	0.0
Fund Balance	8,305.2	0.0	0.0	0.0	***
SOURCES TOTAL	19,173.4	12,748.8	13,608.5	13,163.5	3.3
USES					
Personal Services and Employee Benefits	4,351.0	4,187.3	4,274.6	4,274.6	2.1
Contractual Services	7,252.9	5,894.2	6,375.9	5,930.9	0.6
Other	2,992.9	2,667.3	2,958.0	2,958.0	10.9
TOTAL USES	14,596.8	12,748.8	13,608.5	13,163.5	3.3
FTE					
Permanent	53.0	54.0	56.0	56.0	3.7
TOTAL FTE POSITIONS	53.0	54.0	56.0	56.0	3.7

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Cumulative state-line delivery credit per the Pecos river compact and amended decree at the end of calendar year, in acre feet (final accounting will be available at end of fiscal year)	41,200	67,300	0	0	0
* Outcome	Rio Grande river compact accumulated delivery credit or deficit at end of calendar year, in acre feet	37,100	180,100	0	0	0
Outcome	Number of acres purchased to complete implementation phase of Pecos settlement			12,000	12,000	12,000
Outcome	Acre-foot capacity of augmentation well fields constructed to complete implementation phase of Pecos settlement			15,750	15,750	15,750

LITIGATION AND ADJUDICATION

The purpose of the litigation and adjudication program is to obtain a judicial determination and definition of water rights within each stream system and underground basin to effectively perform water-rights administration and meet interstate stream obligations.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	5,131.6	2,077.0	5,801.2	5,348.3	157.5
Other Transfers	1,539.5	4,894.2	1,913.0	1,913.0	-60.9
SOURCES TOTAL	6,671.1	6,971.2	7,714.2	7,261.3	4.2
USES					
Personal Services and Employee Benefits	4,841.4	4,894.7	5,597.9	5,145.0	5.1
Contractual Services	1,319.6	1,731.0	1,731.0	1,731.0	0.0
Other	463.1	345.5	385.3	385.3	11.5
TOTAL USES	6,624.1	6,971.2	7,714.2	7,261.3	4.2
FTE					
Permanent	75.0	72.0	82.0	76.0	5.6
TOTAL FTE POSITIONS	75.0	72.0	82.0	76.0	5.6

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Number of offers to defendants in adjudications	1,733	1,200	1,000	1,000	1,000
* Outcome	Percent of all water rights that have judicial determinations	41%	42%	42%	42%	42%

PROGRAM SUPPORT

The purpose of program support is to provide necessary administrative support to the agency programs so they may be successful in reaching their goals and objectives.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,360.6	3,733.7	4,330.4	4,017.3	7.6
Other Transfers	423.6	463.9	463.9	463.9	0.0
Fund Balance	20.0	0.0	0.0	0.0	***
SOURCES TOTAL	3,804.2	4,197.6	4,794.3	4,481.2	6.8
USES					
Personal Services and Employee Benefits	3,119.2	3,462.2	4,002.5	3,697.4	6.8
Contractual Services	214.8	229.9	194.6	194.6	-15.4
Other	402.5	505.5	597.2	589.2	16.6
TOTAL USES	3,736.5	4,197.6	4,794.3	4,481.2	6.8
FTE					
Permanent	41.0	44.0	51.0	46.0	4.5
TOTAL FTE POSITIONS	41.0	44.0	51.0	46.0	4.5

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Percent of department contracts that include performance measures	100%	100%	100%	100%	100%

STATUTORY AUTHORITY:

The Organic Commodity Act, Sections 76-22-1 through 76-21-22 NMSA 1978, created the New Mexico Organic Commodity Commission to regulate and promote organic agriculture in New Mexico. The enabling act also created a five-member commission, which appoints the executive director. Under state and federal authority, the agency provides an organic certification program to New Mexico businesses, protects the public interest regarding organic labeling claims made in the marketplace, and promotes organic agriculture through public education and marketing assistance.

MISSION:

The New Mexico Organic Commodity Commission provides certification services and marketing assistance for organic producers, processors and retailers and information, education and marketplace protection for consumers. The goal of the commission is to be an effective advocate for organic production in New Mexico, to make the certification process accessible, and to rigorously ensure the truthfulness of organic claims.

	BUDGET SUMMARY (dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent Incr (Decr)
	2006-2007 Actuals	2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	286.3	302.9	396.5	300.4	-0.8
Federal Revenues	3.5	10.0	10.0	4.0	-60.0
Other Revenues	48.4	76.0	84.4	84.4	11.1
SOURCES TOTAL	338.2	388.9	490.9	388.8	0.0
USES					
Personal Services and Employee Benefits	214.2	225.5	309.7	225.5	0.0
Contractual Services	65.0	79.4	88.8	88.8	11.8
Other	59.0	84.0	92.4	74.5	-11.3
TOTAL USES	338.2	388.9	490.9	388.8	0.0
FTE					
Permanent	4.0	4.0	6.0	4.0	0.0
TOTAL FTE POSITIONS	4.0	4.0	6.0	4.0	0.0

BUDGET ISSUES:

For FY09, the commission’s general fund request of \$396.5 thousand comprises approximately 80 percent of the total agency budget. Other revenue sources include \$4 thousand in federal funds and \$84.4 thousand in licensing and other fees.

The commission generates revenue from application fees for registered and certified organic farms and producers, the sale of organic certification manuals, and advertisements in the in the agency newsletter. Further revenue is generated through annual assessment fees totaling one-half of 1 percent on organic sales for certified producers whose annual gross sales exceed \$5 thousand; the fee is capped at \$10 thousand for producers whose gross exceeds \$2 million annually.

As of FY07, the commission performs annual inspections on 166 certified organic producers. Gross sales of organic products totaled \$16.6 million in FY06 and \$17.1 million in FY07, representing an increase of 3.1 percent. For FY09, the increase for gross sales of organic products is estimated at 3 percent.

The commission predicts licensing revenue is likely to increase due to increased applications for certification. Further, the commission is certifying more large organic operations, resulting in larger assessment revenues. New Mexico is currently the national leader in organic peanut production, and the state’s organic dairy industry is growing at an accelerated rate.

BASE EXPANSION:

For FY09, the agency requested a \$92.6 thousand general fund increase to support a financial specialist and an agriculture inspector. Increased licensing revenue could provide the opportunity to support additional FTE.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Financial Specialist Basic	(ORGANIC)	46.3	0.0
2	Agriculture Inspector	(ORGANIC)	46.3	0.0
TOTAL			92.6	0.0

ORGANIC COMMODITY COMMISSION

The purpose of the New Mexico organic program is to provide consumers of organic products in New Mexico with credible assurance about the veracity of organic claims made and to enhance the development of local economies tied to agriculture through rigorous regulatory oversight of the organic industry in New Mexico and through ongoing educational and market assistance projects.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent increase in New Mexico organic market as measured by clients' gross sales of organic products	10%	10%	10%	10%	3%
* Output	Percent of organic farms inspected annually	100%	100%	100%	100%	100%
Output	Number of certified organic businesses	160	166	140	180	180
Output	Number of spot-checks performed	25	20	25	40	40
Output	Number of attendees at the annual organic farming conference	450	450	500	575	575
Output	Number of client requests for assistance	500	750	500	800	800

STATUTORY AUTHORITY:

The Commission on the Status of Women is authorized under Sections 28-3-1 through 28-3-11 NMSA 1978. The commission is composed of 15 members appointed by the governor and is a clearinghouse for all women's issues, including discrimination, education, training, health, housing, and recognition of achievement. The commission sponsors numerous conferences and training seminars and oversees the Governor's Award for Outstanding New Mexico Women, the New Mexico Women's Hall of Fame, and the TeamWorks-Transforming Women's Lives program through the Temporary Assistance for Needy Families (TANF) block grant.

MISSION:

The Commission on the Status of Women (CSW) increases the awareness of the rights, responsibilities, and interests of women and girls in New Mexico through preservation and recognition of women's history and contributions to the state.

BUDGET SUMMARY
(dollars in thousands)

			FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	560.2	629.8	729.8	749.8	19.1
Other Transfers	1,400.0	1,440.0	1,440.0	1,440.0	0.0
Other Revenues	42.8	103.7	60.0	60.0	-42.1
SOURCES TOTAL	2,003.0	2,173.5	2,229.8	2,249.8	3.5
USES					
Personal Services and Employee Benefits	735.3	781.4	887.0	920.3	17.8
Contractual Services	756.8	885.2	801.4	799.4	-9.7
Other	487.0	506.9	541.4	530.1	4.6
TOTAL USES	1,979.1	2,173.5	2,229.8	2,249.8	3.5
FTE					
Permanent	7.0	7.0	8.0	8.0	14.3
Term	7.0	7.0	8.0	8.0	14.3
TOTAL FTE POSITIONS	14.0	14.0	16.0	16.0	14.3

BUDGET ISSUES:

The commission request for FY09 was \$2.2 million, a \$56.3 thousand, or 2.6 percent, increase over the FY08 operating budget. The FY09 agency request fully funded personal services and benefits but included base funding below FY08 levels for contracts and other costs to offset the cost of two expansion requests. The majority of agency funding, \$1.4 million, is federal Temporary Assistance for Needy Families (TANF) funding to run the TeamWorks program. For FY07, the agency reported 786 paid job placements for women in the Albuquerque and Las Cruces areas and 1,035 TANF clients served by the program. The percentage of TeamWorks participants reporting employment at nine months after initial placement during FY07 was 68 percent, up 5 percentage points since FY06 but still below the target of 70 percent. Because of Federal Deficit Reduction Act changes to TANF, the commission can no longer offer 12-week classes to TeamWorks participants. It now offers seven-week classes and a new performance measure has been created to reflect this change.

Displaced Homemaker and Women in Transition Program activities included 15 job fairs and workshops during FY07. In 2007, 650 guests attended the annual Governor's Award Banquet hosted by the commission to recognize women's accomplishments. The commission also released a report, "Status of Women in New Mexico Counties," which provided a numerical ranking of counties based on the participation of women in politics, employment and earnings, social and economic autonomy, health and well-being, and reproductive rights.

Through an agreement with the Department of Health (DOH), the Governor's Women's Health Advisory Council is now located at the commission's Albuquerque office. Based on a request from both the commission and DOH, the recommendation transfers \$80 thousand and 1 FTE from DOH to the commission to cover the salary for the executive director of the Womens' Health Advisory Council. Transferring the health advisory council to the commission will provide greater visibility to the council and give it greater independence.

BASE EXPANSION:

The commission has an expansion request for 1 FTE for the TeamWorks site in Las Cruces to increase staffing at that location to three employees (along with eight contractors). The cost of the term FTE is offset by a reduction in contractual services.

The commission is requesting \$100 thousand and 1 FTE to establish a girls' institute to institutionalize outreach efforts to teenage girls. The commission held five town halls statewide in FY07 to facilitate discussion about problems faced by teens, perceived barriers to services, and possible solutions. In FY09 the commission plans to hold the first of annual leadership conferences in Albuquerque for girls, conduct leadership workshops outside the Albuquerque area, and develop a special website focused on girl issues.

The recommendation provides for a 19.1 percent general fund increase, including \$40 thousand in other costs to support commission outreach activities to teenage girls and the transfer of 1 FTE from DOH for the Women's Health Advisory Council. The recommendation also includes one additional term FTE for the TeamWorks program.

RECOMMENDED LANGUAGE:

The internal services funds/interagency transfers appropriation to the status of women program of the commission on the status of women includes one million four hundred forty thousand dollars (\$1,440,000) for the TeamWorks program directed toward workforce development for adult women on temporary assistance for needy families from the federal block grant to New Mexico.

The other state funds appropriation to the status of women program of the commission on the status of women includes ten thousand dollars (\$10,000) from the women in transition fund to sponsor girl-related conferences and seminars and associated expenses and fifty thousand dollars (\$50,000) from the commission on the status of women conference fund to host the governor's award for outstanding New Mexico women, the pioneer award, the trailblazer award, and various conference booths.

Revenue collected for ticket sales in excess of expenses for conferences, awards programs, seminars and summits shall not revert.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Add one teamworks term FTE	(CSW)	0.0	0.0
2	<u>NM girl's institute</u>	<u>(CSW)</u>	<u>100.0</u>	<u>40.0</u>
TOTAL			100.0	40.0

COMMISSION ON STATUS OF WOMEN

The purpose of the status of women program is to provide information, public events, leadership, support services and career development to individuals, agencies and women's organizations so they can improve the economic, health and social status of women in New Mexico.

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>	
*	Outcome	Number of paid employment teamworks placements	580	786	300	300	500
*	Outcome	Percent of teamworks participants employed at nine months after initial employment placement	63%	68%	70%	70%	70%
	Outcome	Percent of teamworks employment placements at \$7.00 per hour	37%	47%	35%	35%	40%
	Outcome	Average hourly rate for teamworks employments in Albuquerque	\$7.30	\$7.69	\$7.50	\$7.50	\$7.50
	Outcome	Average hourly rate for teamworks employments in Las Cruces	\$6.52	\$6.73	\$6.50	\$6.50	\$7.00
	Outcome	Number of information fairs	1	2	1	1	1
	Outcome	Number of completed surveys or questionnaires	643	467			
	Outcome	Number of follow-up activities for the year of the New Mexico girl	2	5	1	2	2
	Outcome	Number of workshops on women, divorce and finances	12	12	12	12	12
	Output	Number of award programs conducted annually	2	2	1	2	2
	Output	Number of workforce conferences or trainings sponsored	9	10	8	8	8
	Output	Number of informational conferences conducted	2	2	2	2	2
*	Output	Number of temporary assistance for needy families clients served through the teamworks program	1,073	1,035	1,000	1,000	1,000
	Output	Number of teamworks twelve-week classes conducted	22	8	18		
	Output	Number of collaborations and meetings coordinated or conducted with other agencies and organizations	210	200	100	150	150
	Output	Number of major publications distributed annually	1	1	1	1	1
	Output	Number of teamworks seven-week personal and professional development classes			18	20	20

STATUTORY AUTHORITY:

The Office of African American Affairs was established pursuant to African American Affairs Act, Sections 28-21-1 to 28-21-4 NMSA 1978. The agency is attached administratively to the Human Services Department.

MISSION:

The agency's mission is to study, identify, and provide solutions to issues relevant to African-Americans to ensure recognition of the accomplishments and contributions made by African-Americans in New Mexico and the United States and act as an advocate for African-American citizens in New Mexico.

	BUDGET SUMMARY (dollars in thousands)				
			FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	683.3	1,161.7	891.2	847.3	-27.1
SOURCES TOTAL	683.3	1,161.7	891.2	847.3	-27.1
USES					
Personal Services and Employee Benefits	305.1	422.4	342.4	340.2	-19.5
Contractual Services	181.2	303.2	313.2	283.9	-6.4
Other	137.8	282.6	235.6	223.2	-21.0
Other Financing Uses	25.0	153.5	0.0	0.0	-100.0
TOTAL USES	649.1	1,161.7	891.2	847.3	-27.1
FTE					
Permanent	5.0	6.0	5.0	5.0	-16.7
Temporary	0.0	0.0	1.0	0.0	
TOTAL FTE POSITIONS	5.0	6.0	6.0	5.0	-16.7

BUDGET ISSUES:

The Office of African American Affairs (OAAA) has been able to expand operations through the use of a \$50 thousand general fund appropriation in Laws 2006, Chapter 111 (capital outlay package) for operational, contractual, and travel expenses. It should be noted, in FY08 the Legislature appropriated a significant general fund increase of \$21.8 thousand for agency operations and new programs initiated with the 2006 capital appropriation.

Using the capital budget appropriation, the department was able to publish a collection of prison inmate essays titled "Messages to Our Brother and Sisters - On the Other side of the Wall," as part of a statewide initiative aimed at deterring youth from a life of crime. Additionally, the agency was able to pilot the first Black Expo, a planned annual event to educate the community on African-American disparities in health, poverty, and incarceration, as well as celebrate cultural diversity through music, poetry, and exhibits.

Adjusting for the transfer of the African American Performing Arts Center (AAPAC) to the New Mexico State Fair, LFC recommends a base increase of \$1.1 thousand to support increased General Services Department rates.

The Legislature in 2007 also added \$200 thousand to the operational budget of OAAA to partner with the University of New Mexico Health Sciences Center to address African-American health disparities. Although African-Americans comprise only 2 percent of New Mexico's population, the group ranks among the highest in rates of low birth-weight babies, infant deaths, and deaths from cancer, diabetes, and heart disease.

BASE EXPANSION:

The LFC expansion recommendation supports the agency's request to transfer \$348.5 thousand for the performing arts center to the New Mexico State Fair. Transferring the center will ease the administrative burden between the OAAA and the State Fair and improve operations. Included in the transfer is 1 FTE and related operating expenses.

LFC recommends \$30 thousand for the health disparities program expansion and \$3 thousand for the outreach expansion. These expansion programs were started with the \$50 thousand from the general fund in the capital budget and thus LFC recommends the programs be supported with recurring general fund.

BASE EXPANSION LISTING
FY09 - 2008-2009

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Office of African American Affairs	(OAAA)	78.0	33.0
2	<u>African American Performing Arts Center</u>	(OAAA)	-348.5	-348.5
TOTAL			-270.5	-315.5

PUBLIC AWARENESS

The purpose of the public awareness program is to provide information and advocacy services to all New Mexicans and to empower African Americans of New Mexico to improve their quality of life.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Number of educational regional conferences	5	7	5	5	5
Output	Number of New Mexican African Americans recognized per year, statewide, for their achievements	25	56	25	25	50
Output	Number of African American organizations and churches statewide to be included in a database	475	510	475	475	500
Output	Number of town hall meetings conducted per year	7	14	7	7	7
Output	Number of churches, organizations and counties receiving information	375	15,000	375	375	375
Output	Number of forums within the state to mobilize citizens to address issues in prior-year town hall meetings	7	7	7	7	7

STATUTORY AUTHORITY:

Sections 28-11B-1 through 28-11B-4 NMSA 1978 created the Commission for Deaf and Hard-of-Hearing Persons. The commission consists of seven members, a majority of whom are deaf or hard-of-hearing, three members are ex-officio, and four are appointed by the governor without regard for party affiliation. Statutory duties of the commission comprise identifying the needs of deaf and hard-of-hearing persons and advocating for their needs, providing educational assistance to state agencies and ensuring agency compliance with regulations pertaining to deafness pursuant to the federal Americans with Disabilities Act, providing continuing education services for deaf and hard-of-hearing persons, and assisting in the establishment of a statewide referral service.

MISSION:

The commission provides effective leadership, education, advocacy, and programs to reduce barriers to the social, economic, educational, cultural, and intellectual well-being of members of the deaf and hard-of-hearing community. The commission works with individual citizens to help solve communication access issues. The commission supports a statewide program that distributes telecommunications equipment to New Mexico residents.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Other Transfers	2,735.0	3,217.6	4,403.6	3,300.0	2.6
Fund Balance	1,076.2	915.7	0.0	833.3	-9.0
SOURCES TOTAL	3,811.2	4,133.3	4,403.6	4,133.3	0.0
USES					
Personal Services and Employee Benefits	658.9	848.2	946.8	848.2	0.0
Contractual Services	1,550.9	2,475.0	2,556.2	2,475.0	0.0
Other	350.1	355.1	400.6	355.1	0.0
Other Financing Uses	175.0	455.0	500.0	455.0	0.0
TOTAL USES	2,734.9	4,133.3	4,403.6	4,133.3	0.0
FTE					
Permanent	13.0	15.0	15.0	15.0	0.0
TOTAL FTE POSITIONS	13.0	15.0	15.0	15.0	0.0

BUDGET ISSUES:

Section 63-9F-12 NMSA 1978 transferred the telecommunications access fund and responsibility for administering the Telecommunications Access Act from the General Services Department directly to the commission. In addition, commission operating expenses could be paid with revenues from the fund. The annual fund revenue, generated by a surcharge of 0.33 percent on the customer gross telephone charge, had been increasing and was \$3.8 million for FY05. Unexpectedly, the fund revenue for FY06 fell to \$3 million. The latest Department of Finance and Administration (DFA) projection places the revenue closer to \$3.3 million in FY09, rising only to \$3.5 million in FY12. Conversely, the appropriation level jumped from \$821 thousand in FY05 to \$3.6 million in FY06 and \$4.1 million in FY08 to accommodate funding the relay system as well as expanding services. Likewise the number of FTE jumped from 11 in FY05 to 15 in FY08, partially to open a satellite office in Las Cruces. In the absence of alternate fund sources, the current level of spending is not sustainable. Due to the limitations of the SHARE system, the latest DFA cash balance report available is dated June 30, 2006, and notes a fund balance for this agency of \$7.4 million. For FY07 and FY08 approximately \$2 million of cash balance was appropriated, but only about \$1 million was expended, leaving an estimated \$6.5 million total. In response to this uncertain financial situation, the committee recommends an appropriation at the same level as FY08. Even this level requires \$833.3 of fund balance. For future years the committee recommends reconsideration of funding items, such as a \$180 thousand transfer to the sign language licensure board and the \$115 thousand for the Las Cruces satellite office.

The committee recognizes the commission's attempts to develop strategic direction and supports the effort. Unfortunately, the measures are not satisfactory to determine if progress is being made in helping persons with a hearing disability.

BASE EXPANSION:

The committee does not recommend the expansion item for minivans due to the need for budget neutrality.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons in the other financing uses category includes two hundred seventy-five thousand dollars (\$275,000) to transfer to the rehabilitation services program of the division of vocational rehabilitation to match with federal funds to provide deaf and hard-of-hearing rehabilitation services.

The internal service funds/interagency transfers appropriation to the deaf and hard-of-hearing program of the commission for deaf and hard-of-hearing persons in the other financing uses category includes one hundred eighty thousand dollars (\$180,000) to transfer to the sign language licensure board program of the regulation and licensing department.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>	<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
Transportation 2 passenger mini vans	(COMMISSION)	3.1	0.0
TOTAL		3.1	0.0

COMMISSION FOR DEAF AND HARD-OF-HEARING PERSONS

The purpose of the deaf and hard-of-hearing program is to provide outreach, referral and education and oversee the New Mexico telecommunications relay network for deaf and hard-of-hearing citizens, government agencies, institutions, businesses and hearing individuals affiliated with those who have a hearing loss so they may become more aware of accessibility and services available and have equal access to telecommunications services.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Number of workshops and training sessions conducted	24	29		35	35
* Output	Number of information referrals, outreach and clients served	5,351	8,568	10,000	12,500	12,500
* Output	Hours provided by the sign language interpreter referral service	31,488	23,474		40,000	40,000
* Output	Number of accessible technology equipment distributions		1,246	1,750	1,500	1,750
Outcome	Percent reduction in telephonic communication barriers			60%		
Output	Staff hours devoted to reducing communication barriers			7,500		
Outcome	Percent reduction of general communication barriers			50%		

STATUTORY AUTHORITY:

The Martin Luther King, Jr. Commission is authorized under Sections 28-19-1 through 28-19-4 NMSA 1978. The commission consists of 13 board members with four members appointed by the governor, four appointed by the Senate and House majority and minority leadership, and five designees from the office of the State Treasurer, Secretary of State, Indian Affairs Department, Human Rights Division, and Public Regulation Commission.

The commission, in addition to planning and coordinating a statewide commemorative Martin Luther King, Jr. holiday, spends the remainder of the year teaching Dr. King's nonviolent principles and philosophy. The commission hosts an annual youth conference to teach Dr. King's philosophy.

The commission also provides a hands-on learning experience by taking competitively selected students to visit places central to the civil rights movement, such as the King Center (birth place of Dr. King), Ebenezer Baptist Church (where Dr. King preached), and the National Civil Rights Museum. Also, members of the commission staff travel around the state to visit schools, tribes, and nonprofit service providers to teach Dr. King's principles and philosophy.

MISSION:

The mission of the Martin Luther King, Jr. State Commission is to promote Martin Luther King Jr.'s principles and philosophy to the people of New Mexico and to improve interracial cooperation and reduce youth conflicts in our communities.

BUDGET SUMMARY (dollars in thousands)						
FY09 – 2008-2009						
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	283.6	402.1	404.0	404.0	0.5	
Other Transfers	89.0	0.0	0.0	0.0		
SOURCES TOTAL	372.6	402.1	404.0	404.0	0.5	
USES						
Personal Services and Employee Benefits	135.5	201.2	199.8	199.8	-0.7	
Contractual Services	17.5	47.4	47.4	47.4	0.0	
Other	157.8	153.5	156.8	156.8	2.1	
TOTAL USES	310.8	402.1	404.0	404.0	0.5	
FTE						
Permanent	2.0	3.0	3.0	3.0	0.0	
TOTAL FTE POSITIONS	2.0	3.0	3.0	3.0	0.0	

BUDGET ISSUES:

The increase of \$1.9 thousand in the Martin Luther King, Jr. Commission general fund request supports increased General Services Department and Department of Information Technology rates.

The Legislature increased the commission's budget in FY08 to fund an administrative assistant and expand the scholarship leadership tour.

MARTIN LUTHER KING, JR. COMMISSION

The purpose of the Martin Luther King, Jr. commission is to promote Martin Luther King, Jr.'s nonviolent principles and philosophy to the people of New Mexico through remembrance, celebration and action so that everyone gets involved in making a difference toward the improvement of interracial cooperation and reduction of youth violence in our communities.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent of program objectives achieved	100%	100%	100%	100%	100%
Output	Number of annual statewide youth conferences using Dr. King's principles of nonviolence	1	1	1	1	1
Output	Number of statewide holiday commemorative programs supported	15	15	15	15	15
Output	Number of youth anti-violence workshops conducted	9	9	9	9	9

STATUTORY AUTHORITY:

The Commission for the Blind was created by Sections 28-7-15 through 28-7-23 NMSA 1978. The commission consists of three members appointed by the governor for staggered three-year terms. The agency provides a variety of services enabling the blind and visually impaired to become fully participating members of society. The commission provides career training in blindness skills and, of most importance, fosters the belief that blindness is not a barrier to employment or a full, meaningful life.

MISSION:

The Commission for the Blind states its mission is to enable persons who are blind to achieve vocational, economic, and social equality. This is to be accomplished by providing career preparation, training in the skills of blindness, and, above all, promoting the belief that blindness is not a barrier to successful employment or living an independent and meaningful life.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent
2006-2007	2007-2008	Agency	LFC	Incr	
	Actuals	Budgeted	Request	Recommendation	(Decr)
SOURCES					
General Fund Transfers	1,919.4	2,005.0	2,422.1	2,100.2	4.7
Federal Revenues	5,560.3	5,957.5	5,660.1	5,660.1	-5.0
Other Revenues	499.3	654.0	414.1	414.1	-36.7
SOURCES TOTAL	7,979.0	8,616.5	8,496.3	8,174.4	-5.1
USES					
Personal Services and Employee Benefits	4,788.1	5,161.2	5,267.0	5,034.3	-2.5
Contractual Services	134.0	207.4	207.4	207.4	0.0
Other	3,056.9	3,247.9	3,021.9	2,932.7	-9.7
TOTAL USES	7,979.0	8,616.5	8,496.3	8,174.4	-5.1
FTE					
Permanent	106.5	106.5	106.5	106.5	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	107.5	107.5	107.5	107.5	0.0

BUDGET ISSUES:

Federal funding is the primary revenue source for the commission, providing 69 percent of the total revenue under a variety of general fund matching requirements. The committee base recommendation from the general fund is \$2.1 million, an increase of 4.7 percent. The agency vacancy rate is approximately 10 percent, but the recommendation applies only 4.4 percent. The overall revenue total is down 5.1 percent with the federal revenues reduced 5 percent. This reduction recognizes a lower basic grant level that is closer to the FY07 actual than the FY08 budgeted. Expected increases in this grant were not realized, resulting in overstated budgets for FY07 and FY08 and a lower FY09 recommendation as compared with FY08. However, the FY09 recommendation is up over the FY07 actuals by 2.4 percent. This trend of flat federal participation has implications for future increased requirements from the general fund and needs to be monitored closely to maintain high quality services for the New Mexico blind population.

BASE EXPANSION:

The committee does not recommend the expansion item for \$150 thousand from the general fund for 2 existing FTE because the positions are already fully funded in the base.

RECOMMENDED LANGUAGE:

Any unexpended balances in the commission for the blind remaining at the end of fiscal year 2009 from appropriations made from the general fund shall not revert.

BASE EXPANSION LISTING
FY09 - 2008-2009

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Independent living	(COMMISSION)	150.0	0.0
TOTAL			150.0	0.0

BLIND SERVICES

The purpose of the blind services program is to assist blind or visually impaired citizens of New Mexico to achieve economic and social equality so they can have independence based on their personal interests and abilities.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Output	Number of quality employment opportunities for blind or visually impaired consumers	43	35	45	35	45
* Output	Number of blind or visually impaired consumers trained in the skills of blindness to enable them to live independently in their homes and communities	595	585	600	550	600
* Outcome	Average employment wage for the blind or visually impaired person	\$14.26	\$17.85	\$14.50	\$14	\$14
* Output	Number of employment opportunities provided for blind business entrepreneurs in different vending and food facilities through the business enterprise program	32	32	32	32	32

STATUTORY AUTHORITY:

Section 9-21-1 through 9-21-16 NMSA 1978 created the Indian Affairs Department and the advisory Indian Affairs Commission. The commission consists of 10 members appointed by the governor.

MISSION:

The mission of the Indian Affairs Department (IAD) is to lead and improve the quality of life for all New Mexico Indian citizens by affecting policy that strengthens tribal-state relations.

	BUDGET SUMMARY (dollars in thousands)				
			FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,711.6	3,454.5	3,675.4	3,534.7	2.3
Other Transfers	500.0	500.0	500.0	538.9	7.8
SOURCES TOTAL	3,211.6	3,954.5	4,175.4	4,073.6	3.0
USES					
Personal Services and Employee Benefits	988.2	1,223.9	1,331.7	1,273.0	4.0
Contractual Services	1,227.0	326.4	367.7	367.7	12.7
Other	947.0	2,404.2	2,476.0	2,432.9	1.2
TOTAL USES	3,162.2	3,954.5	4,175.4	4,073.6	3.0
FTE					
Permanent	14.0	15.0	17.0	15.0	0.0
TOTAL FTE POSITIONS	14.0	15.0	17.0	15.0	0.0

BUDGET ISSUES:

The FY09 committee recommendation includes an increase from the general fund of 2.3 percent and an overall increase of 3 percent for a total of \$4.1 million. The committee notes this is an 86 percent increase over the \$2.2 million of FY05. Personal services and employee benefits increase 4 percent. The contractual services category includes \$210 thousand for the Albuquerque Indian Center for activities associated with counseling, homeless care management, employment, and training.

The other expenditure category contains the following: Cochiti youth program, \$34 thousand; Isleta youth program, \$30 thousand; Jemez Visitors Center, \$34 thousand; Jicarilla Apache Historic Preservation Program, \$42.5 thousand; Navajo Nation Emergency Management Services, \$300 thousand; Navajo Nation Shiprock Uranium workers, \$40 thousand; Santa Fe Indian School Learning Center, \$212 thousand; Southwest Indian Polytechnic Institute curriculum development, \$40 thousand; youth leadership initiative, \$75 thousand; youth sports and wellness, \$50 thousand; and tribal leadership, \$68 thousand. Recurring expenditures included for the first time in FY08 and again recommended for FY09 include the following: economic development initiatives in tribal communities, \$50 thousand; domestic violence issues of the Navajo Nation, \$40 thousand; reading materials for Head Start and senior center programs at the Becenti Chapter of the Navajo Nation, \$20 thousand; and continued provision of a summer leadership and public policy academy at the Santa Fe Indian School and Harvard and Princeton universities, \$105 thousand. In addition \$592.3 thousand of new recurring expenditures from appropriations in Laws 2007, Chapter 21 (Senate Bill 611), are included. The larger appropriations include caseworkers for radiation exposure victims, \$100 thousand; implementation of a culturally sensitive outreach program, \$90 thousand; and technical assistance to build economic capacity, \$140 thousand. The other transfer revenue source includes \$500 thousand from the tobacco settlement program fund for Native American smoking cessation efforts. The grand total for these and similar appropriations in the other expenditure category is \$2.23 million. These projects are all recurring and total over half of the IAD appropriation.

Performance measures related to the scope of work should be included to justify continued funding of these projects. If the benchmarks are not met, then action plans must be enacted to increase performance. The committee expects upgraded performance information so an annual determination can be made for continuing the appropriation as opposed to the programs becoming entitlements.

IAD currently monitors about 650 capital projects and has 4 FTE assigned to what is described as a capital outlay unit. The total capital appropriation level is over \$62 million. The unit is composed of a capital outlay manager, accountant, policy analyst, and monitoring and compliance engineer. An engineer conducts field trips to both offer advice and ensure projects are proceeding in accordance with the scope of work. To facilitate progress, IAD conducts educational training sessions with various Indian entities regarding the state capital outlay process. It is hoped these sessions will lead to a higher completion rate for the

projects. Currently, 32 out of 58 projects, 55 percent, with a total value of \$5.6 million with ending dates of June 30, 2008, have not incurred any expenditures. The prospect for projects with ending dates of 2009 is even worse with 76 out of 100 not incurring any expenditures. However, in FY07 125 projects with a total value of \$9.9 million did close. The committee encourages IAD to continue efforts to assist the Indian nations in finalizing capital projects.

BASE EXPANSION:

The expansion items of a satellite office in Albuquerque and a second for 2 additional FTE were not funded because neither is related to committee priority areas.

RECOMMENDED LANGUAGE:

The other state funds appropriation to the Indian affairs program of the Indian affairs department includes five hundred thousand dollars (\$500,000) from the tobacco settlement program fund for tobacco cessation and prevention programs for Native American communities throughout the state.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Indian Affairs Albuquerque satellite office	(INDIAN AFF)	43.1	0.0
2	<u>Addition of two administrative support staff</u>	<u>(INDIAN AFF)</u>	<u>58.7</u>	<u>0.0</u>
TOTAL			101.8	0.0

INDIAN AFFAIRS DEPARTMENT

The purpose of the Indian affairs program is to serve as the coordinating agency for intergovernmental and interagency programs concerning tribal governments and the state.

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
Output	Percent of employee files that contain performance appraisal development plans completed by the employee's anniversary date	80%	100%	100%	100%	100%
Outcome	Number of audit findings	0		0	0	0
* Output	Number of capital projects over fifty thousand dollars (\$50,000) completed and closed	14	56	40	60	60
* Output	Number of capital outlay process training sessions conducted for tribes	8	6	6	10	10
* Output	Percent of grants and service contracts with more than two performance measures	100%	100%	100%	100%	100%
* Output	Number of capital outlay projects under fifty thousand dollars (\$50,000) completed and closed	7	70	40	70	70

STATUTORY AUTHORITY:

Sections 28-4-4 through 28-4-9 NMSA 1978 created the Agency on Aging to establish and maintain comprehensive statewide programs to meet the social needs of the state's aged population and to oversee the distribution of federal funds authorized by the federal Older Americans Act. Sections 9-23-1 through 9-23-12 NMSA 1978 elevated the agency to a cabinet-level department, the Aging and Long-Term Services Department (ALTSD). This legislation expanded the department substantially, moving to ALTSD the home- and community-based Medicaid waiver program for the disabled and elderly (D&E waiver), the Medicaid personal care option (PCO) program, and the program of all inclusive care for the elderly (PACE) from the Human Services Department (HSD); the traumatic brain injury program from the Department of Health (DOH); and the adult protective services program from the Children, Youth and Families Department (CYFD). Finally, the legislation called for the secretary of ALTSD to provide a long-term care and related services plan for all populations and possible program additions to ALTSD. The plan, completed in November 2005, addressed the future of the long-term services population, as well as issues related to access, financing, quality of care, housing, and transportation. The plan applied best practices from other states and identified 10 priority policy areas, with objectives, strategies, and projected outcomes for each. The policy areas are increased services for the elderly and disabled populations, independence through consumer-based services, workforce development, interagency collaboration, home- and community-based services, improved financing mechanisms and access, development of ALTSD infrastructure, meaningful quality of life, and zero tolerance for abuse, neglect and fraud.

ALTSD is composed of five programs: The Consumer and Elder Rights Program, which administers the long-term care ombudsman program and the Aging and Disability Resource Center; the Aging Network Program, which administers the federal Older Americans' Act and encompasses the functions of the former Older Worker and Community Involvement programs; the Long-Term Care Program, which encompasses the home- and community-based long-term care programs; Adult Protective Services; and Program Support, which provides clerical, recordkeeping, and administrative support to the department in the areas of personnel, budget, procurement, and contracting.

MISSION:

The mission of the Aging and Long-Term Services Department is to address autonomy, health, economic well-being, community involvement, and personal responsibility to achieve the highest quality of life for older persons, adults with disabilities, and their families.

BUDGET SUMMARY					
(dollars in thousands)					
	<u>FY09 – 2008-2009</u>				
	FY07	FY08			Percent
	2006-2007	2007-2008	Agency	LFC	Incr
	Actuals	Budgeted	Request	Recommendation	(Decr)
SOURCES					
General Fund Transfers	41,337.1	46,911.7	59,794.7	50,363.0	7.4
Other Transfers	6,500.7	6,807.8	9,972.4	7,948.3	16.8
Federal Revenues	10,382.0	10,327.1	9,445.6	9,445.6	-8.5
Other Revenues	331.2	90.0	90.0	90.0	0.0
SOURCES TOTAL	58,551.0	64,136.6	79,302.7	67,846.9	5.8
USES					
Personal Services and Employee Benefits	15,166.5	16,138.6	19,466.3	18,020.1	11.7
Contractual Services	5,375.2	6,394.9	7,568.1	6,558.1	2.6
Other	36,715.3	39,445.3	47,203.2	40,453.6	2.6
Other Financing Uses	253.2	2,157.8	5,065.1	2,815.1	30.5
TOTAL USES	57,510.2	64,136.6	79,302.7	67,846.9	5.8
FTE					
Permanent	237.0	259.0	299.5	291.5	12.5
Term	34.0	27.0	25.5	11.5	-57.4
Temporary	2.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	273.0	286.0	325.0	303.0	5.9

BUDGET ISSUES:

The agency FY09 budget request was \$79.3 million, a \$15.2 million, or 24 percent increase over the FY07 operating budget of \$64.1 million. The agency request included \$13.8 million in expansion items. The committee recommendation of \$67.8 million provides a 5.8 percent funding increase over FY08. The recommendation funds base costs increases as well a number of expansion items. The recommendation includes 4 percent overall vacancy savings and, per agency request, reclassifies certain long-standing term positions that have both general and federal funding sources to permanent positions.

In the Long-Term Services Program, the recommendation provides a 3 percent base budget increase, including approximately \$300 thousand (50 percent general fund matched by 50 percent federal funds) to move program staff out of ALTSD headquarters to leased space. A key function of this program is management of the disabled and elderly Medicaid waiver (D&E), as well as the Mi Via self-directed Medicaid waiver. The number of unduplicated D&E clients for FY07 was 3,391, with approximately 2,900 clients on the waiver during June 2007. The central registry waiting list was 8,147 at September 30, 2007, despite ALTSD reducing the wait for services (a key quarterly measure), from 60 months when they took over the program to 27 months currently.

Individuals, who meet medical and financial eligibility for existing Medicaid waiver programs including developmental disabilities (DD), D&E, medically fragile, and HIV/AIDS, or those eligible for the new long-term brain injury program, can self-direct their services through the Mi Via self-directed waiver program. Start up of the program, which began in 2007, has been relatively slow, with only 148 individuals out of 859 applicants completing the enrollment process and transitioning into Mi Via as of September 2007.

In FY09, a key priority for ALTSD will be implementation of the coordinated long-term services program (CLTS). CLTS would be a long-term care program run by national managed-care organizations Amerigroup and Evercare, which would receive a capitated payment per member per month. These vendors were awarded a contract in 2004 to work with the state to plan, design, implement, and administer a coordinated long-term care system. CLTS would provide primary, acute, and long-term services to an estimated 39,000 individuals in the following groups: approximately 6,000 nursing home residents, 2,900 D&E waiver participants, 11,000 personal care option (PCO) participants, and 19,000 healthy individuals eligible for both Medicaid and Medicare. ALTSD notes that total Medicaid expenditures (state and federal) for acute and long-term services for the CLTS target population was approximately \$675 million (excludes dual eligible spending).

Pending federal approval of a set of Medicaid waiver applications, CLTS enrollment will be mandatory for the above groups for all their Medicaid services starting in FY09. ALTSD believes that CLTS is needed because the current mix of institutional, state plan, and home- and community-based services is fragmented and coordination and integration across programs and payers is limited. Improved coordination of services and more preventive care should help reduce emergency room visits and reduce the need for more costly nursing home care. However, some community advocates have raised concerns that moving to managed care will add another layer of bureaucracy and that future cost savings will be achieved through reducing services. At the same time, a vocal group of advocates believes that ALTSD has delayed implementation of the Money Follows the Person (MFP) program in favor of CLTS. ALTSD has stated that MFP, which allows persons receiving Medicaid institutional dollars to use these dollars for community services, will be wrapped into the CLTS program.

For the Aging Network Program, the committee recommendation fully funds the agency base request, which includes \$34 million for statewide Aging Network senior programs (including employment). Of concern is that the number of individuals served by the Aging Network (often at senior centers) in key programs, such as adult day care and respite care, dropped in FY07. ALTSD contends that, despite legislative funding increases, senior centers have struggled to cover increased costs for fuel, food, health insurance and salaries. As a result, senior centers are cutting services that are optional under the Older Americans Act and costly to deliver, such as adult day care, respite, and home-based services. ALTSD notes the number of individuals receiving congregate meals increased in FY07, along with the total number of individuals receiving community services. ALTSD should provide the committee with options to help prevent further erosion in key Aging Network services.

For the Consumer and Elder Rights Program the recommendation includes a 2 percent vacancy savings but fully funds the agency request for contractual services and other costs. A major focus of this program is the Aging and Disability Resource Center (ADRC), which provides information, assistance, and referrals for seniors and those with disabilities. ALTSD has reported volume of approximately 4,600 incoming calls a month during 2007, up from about 4,300 calls a month in 2006. Part of the increased call volume is attributable to the transition of the intake function for adult protective services from CYFD to ADRC in FY07. ALTSD envisions higher call volume in calendar year 2008 with continued enrollment demand for the Mi Via self-directed waiver program, as well as implementation of CLTS.

For the Adult Protective Services Program (APS), the committee recommendation for a 3.5 percent increase includes a 5 percent vacancy savings, consistent with recent experience. APS reports the total number of interventions increased from 6,137 in FY06 to 6,147 in FY07, despite the shift during third quarter 2007 away from facility investigations, which have historically represented close to 30 percent of APS investigations. APS client service agents provided in-home services to 295 clients, and contract agency homemakers served 724 individuals in FY 2007.

Finally, of note is the veto of funding in the 2007 General Appropriation Act to create a guardianship alternatives program for persons with disabilities. ALTSD has requested a special appropriation to study the use of "microboards" as an alternative to corporate guardianship in some cases.

BASE EXPANSION:

The agency requested expansion items totaling \$13.8 million (\$11.2 million from the general fund) with 39 additional permanent FTE. ALTSD grouped the majority of its expansion items under three major priority areas: home- and community-based Medicaid programs, health and safety net services for seniors, and zero tolerance and access to services. The committee's \$2.6 million recommendation for the expansion request provides funding for each of these priority areas.

Under home- and community-based Medicaid programs (Items 1A and 1B on Table 3), ALTSD requested \$1.5 million for 14 FTE to implement the CLTS program and 6 FTE to administer Mi Via. In recognition ALTSD is fairly likely to begin implementation of CLTS on July 1, 2008, the committee recommendation includes \$450 thousand for 6 FTE for CLTS. The committee recommendation provides \$200 thousand and 3 FTE to support the Mi Via program. The funding in support of these FTE is 50 percent general fund revenue matched by 50 percent federal funds.

Under health and safety net services for seniors (Items 2A to 2C on Table 3), ALTSD requested \$3.2 million for aging network programs, start-up funds for a home modification program, and 4 additional FTE for the aging network staff. The committee recommendation provides \$750 thousand in expansion funding for aging network programs to cover essential services at over 200 senior centers, including adult day care, congregate meals, and home-delivered meals. With the expansion, \$26.5 million in from the general fund will be available for aging network services (excluding senior employment), which represents a funding level \$5.7 million, or 27 percent higher, than the FY06 general fund appropriation of \$20.8 million.

Under zero tolerance and access to services (Items 3A to 3C on Table 3) ALTSD requested \$260.6 thousand and 5 FTE to support the ombudsman program and \$347.3 thousand and 6 FTE for the Aging and Disability Resource Center (ADRC) and to support benefits counseling. The committee recommendation provides \$156.4 thousand and 3 FTE for deputy regional coordinator positions to help recruit, train, and support certified ombudsman volunteers to visit nursing home and assisted living facilities. This funding should help ALTSD increase the size of the volunteer corps, which currently numbers about 140. ALTSD hopes that, in addition to investigating complaints, the ombudsman volunteers will help find individuals in facilities who might be candidates to transition to community-based programs funded by ALTSD. In recognition that the ADRC call center volume has increased, and is likely to continue to increase with implementation of CLTS as well as a growing aging population, the committee recommendation funds the agency request for \$291 thousand and 5 FTE for the call center. Both the ombudsman and ADRC FTE are funded with 50 percent general fund revenues matched by 50 percent federal funding.

ALTSD requested \$3 million in expansion funding for the disabled and elderly (D&E) Medicaid waiver program (Item 8 on Table 3). The committee recommendation of \$750 thousand provides a 5 percent increase in funding and should help reduce the D&E waiting list by 190 clients. ALTSD requested an additional \$5.4 million (Items 4 to 7 on Table 3) for programs including behavioral health (\$3.1 million), traumatic brain injury services for veterans (\$1 million), workforce development and civic engagement (\$1.1 million), and Native American disability services (\$250 thousand). While the proposal to direct targeted funding to senior behavioral health services (as well as supportive housing) has merit, it would have been more appropriate for the request to be part of the behavioral health budget submission from HSD.

In regard to the request for \$1 million for traumatic brain injury services, the committee shares ALTSD's concern about the declining corpus of the brain injury services trust fund. As a short-term fix, LFC will propose language allowing unspent balances from the long-term brain injury waiver program to be transferred to the brain injury services fund. The committee is expecting a further report from ALTSD on possible causes for the decline in revenue from the \$5 fee from moving violation traffic citations, along with suggested alternative funding mechanisms. The committee, while supportive of ALTSD's senior workforce, volunteer, and gold mentor programs, is not recommending an expansion of these programs at this time. The agency request for funding to support Native American Disability Services will be considered for funding in the independent living program in the Division of Vocational Rehabilitation.

RECOMMENDED LANGUAGE:

The general fund appropriation to the aging network program of the aging and long-term services department in the other category to supplement funding from the federal Older Americans Act shall be contracted to the designated area agencies on aging.

The general fund appropriation to the aging network program of the aging and long-term services department in the other category includes seven hundred fifty thousand dollars (\$750,000) to support and expand aging network services to local communities.

Any unexpended balance remaining at the end of fiscal year 2009 in other state funds from conference registration fees shall not revert.

By September 1, 2008, the aging and long-term services department and the human services department shall report to the department of finance and administration and legislative finance committee on implementation of coordinated long-term services, including enrollment, cost per client, administrative costs and projected savings.

Section 5 language:

Any unexpended or unencumbered balance remaining from the general fund appropriation made to the long-term services division of the aging and long-term services department in Section 4 of Chapter 28 of Laws 2007 for long-term brain injury waiver services shall not revert to the general fund but shall be deposited into the brain injury services fund and is appropriated to the long-term services division of the aging and long-term services department for the purposes specified in Section 24-1-24 NMSA 1978.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1A	Home & community based Medicaid programs-CLTS	(LONG-TERM)	1,078.4	450.0
1B	Home & community based Medicaid pgms-Mi Via	(LONG-TERM)	455.6	200.0
2A	Health and safety net services for seniors	(NETWORK)	2,450.0	750.0
2B	Health & safety net - home modification	(NETWORK)	500.0	0.0
2C	Health and safety net services for seniors	(NETWORK)	345.3	0.0
3A	Zero tolerance & access-ombudsman	(CONSUMER)	260.6	156.4
3B	Zero tolerance & access resource center	(LONG-TERM)	291.6	291.6
3C	Zero tolerance & access benefit counseling	(CONSUMER)	55.7	0.0
4	Behavioral health	(LONG-TERM)	3,060.0	0.0
5	Traumatic brain injury services for veterans	(LONG-TERM)	1,000.0	0.0
6	Workforce development & civic engagement	(NETWORK)	1,090.1	0.0
7	Native American disability services	(NETWORK)	250.0	0.0
8	<u>D&E Medicaid waiver expansion</u>	<u>(LONG-TERM)</u>	<u>3,000.0</u>	<u>750.0</u>
TOTAL			13,837.3	2,598.0

CONSUMER AND ELDER RIGHTS

The purpose of the consumer and elder rights program is to provide current information, assistance, counseling, education and support to older individuals and persons with disabilities, residents of long-term care facilities and their families and caregivers that allow them to protect their rights and make informed choices about quality service.

**BUDGET SUMMARY
(dollars in thousands)**

			FY09 - 2008-2009		Percent Incr (Decr)
	FY07 2006-2007	FY08 2007-2008	Agency Request	LFC Recommendation	
	Actuals	Budgeted			
SOURCES					
General Fund Transfers	731.7	806.1	1,064.8	957.0	18.7
Other Transfers	0.0	0.0	130.3	78.2	***
Federal Revenues	1,745.1	1,259.8	1,128.1	1,128.1	-10.5
SOURCES TOTAL	2,476.8	2,065.9	2,323.2	2,163.3	4.7
USES					
Personal Services and Employee Benefits	1,652.1	1,553.7	1,691.9	1,569.5	1.0
Contractual Services	314.3	88.1	103.1	103.1	17.0
Other	460.4	424.1	528.2	490.7	15.7
TOTAL USES	2,426.8	2,065.9	2,323.2	2,163.3	4.7
FTE					
Permanent	10.0	11.0	17.5	17.5	59.1
Term	12.0	11.0	9.5	6.5	-40.9
Temporary	2.0	0.0	0.0	0.0	***
TOTAL FTE POSITIONS	24.0	22.0	27.0	24.0	9.1

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Number of individuals calling the resource center in need of two or more daily living services who receive information, referral and follow-up services			1,800	5,000	5,000
Output	Number of client contacts to assist on health insurance, prescriptions and other programs	37,392	34,380			
Output	Number of volunteers trained in the state fiscal year to provide health insurance and benefits assistance	309	448			
Output	Number of outreach events providing prescription education	51	76			
Output	Number of clients who receive assistance to access free or low-cost prescription drugs through medbank and brownbag events	4,370	6,200			
Output	Number of resident contacts by ombudsmen	6,242	79,272			
Output	Number of hours of legal representation provided, including legal advice and education	15,667	17,722			
* Output	Number of ombudsman cases resolved	4,342	5,509	5,000	6,100	6,100
Output	Number of granny cams loaned			65	65	65
* Output	Number of persons accessing the aging and long-term services department's resource center			7,500	10,000	10,000
Output	Number of individuals receiving free or low-cost prescription drugs through the resource center prescription drug assistance program			1,200	1,200	1,200

AGING NETWORK

The purpose of the aging network program is to provide supportive social and nutrition services for older individuals and persons with disabilities so they can remain independent and involved in their communities and to provide training, education and work experience to older individuals so they can enter or re-enter the workforce and receive appropriate income and benefits.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	24,714.0	26,867.3	31,952.7	28,067.3	4.5
Other Transfers	308.9	325.6	362.3	362.3	11.3
Federal Revenues	7,442.7	7,727.9	7,396.8	7,396.8	-4.3
Other Revenues	62.2	90.0	90.0	90.0	0.0
SOURCES TOTAL	32,527.8	35,010.8	39,801.8	35,916.4	2.6
USES					
Personal Services and Employee Benefits	213.4	241.7	770.6	345.6	43.0
Contractual Services	6.1	15.0	15.0	15.0	0.0
Other	31,619.4	34,473.8	38,828.6	35,368.2	2.6
Other Financing Uses	253.2	280.3	187.6	187.6	-33.1
TOTAL USES	32,092.1	35,010.8	39,801.8	35,916.4	2.6
FTE					
Permanent	0.0	4.0	11.0	5.0	25.0
Term	4.0	0.0	1.0	0.0	***
TOTAL FTE POSITIONS	4.0	4.0	12.0	5.0	25.0

PERFORMANCE MEASURES

		<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY09</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of individuals participating in the federal older worker program obtaining unsubsidized permanent employment	20.29%	13%	20.5%	13%	20.5%
* Outcome	Percent of temporary assistance for needy families clients placed in meaningful employment	35.22%	39.66%	36%	40%	40%
Outcome	Percent of individuals age sixty and over served through community services	39%	37.42%			
Output	Number of individuals enrolled in the federal older worker program	79	69			
Outcome	Percent of individuals age sixty and over receiving aging network community services			40%	42%	42%
Outcome	Community service hours provided by the state older worker program as a percent of work hours budgeted	90%	79.05%	90%	85%	90%
Output	Annual number of clients placed in meaningful employment	426	349	450	400	400
Output	Annual number of clients mentored	1,472	880			
Output	Unduplicated number of persons served through community services	128,391	130,214			
* Output	Number of adult daycare service hours provided	188,681	126,395	190,000	130,000	160,000
* Output	Number of hours of respite care provided	159,281	138,143	160,000	140,000	150,000
Output	Number of one-way trips provided to community services	826,397	818,095	828,000	830,000	830,000
Output	Unduplicated number of persons receiving congregate meals	31,094	33,657			
Output	Number of congregate and home-delivered meals served to eligible participants	3,572,975	3,486,900			
Output	Number of senior centers providing meals	212	212			
Output	Number of homemaker hours provided in the state fiscal year	122,942	114,488	130,000	115,000	130,000
Output	Number of volunteer hours provided by retired and senior volunteers	1,104,512	1,038,676			
Output	Number of participants in local and national senior olympic games	3,303	5,400			
Output	Number of home-bound clients served through the senior companion program	1,421	1,334			
Output	Unduplicated number of persons receiving home-delivered meals	13,778	12,353			
Output	Number of children served through the foster grandparent program	2,549	2,186	2,250	2,300	2,575
* Output	Number of congregate meals provided through the aging network			1,650,000	1,600,000	1,700,000
* Output	Number of home-delivered meals provided through the aging network			1,950,000	2,000,000	2,000,000
Output	Annual number of mentors	44	31			
Output	Number of families served through the grandparents-raising-grandchildren initiative			300	300	300

LONG-TERM SERVICES

The purpose of the long-term services program is to administer home- and community-based long-term service programs that support individuals in the least restrictive environment possible.

BUDGET SUMMARY
(dollars in thousands)

	FY09 - 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	1,888.2	4,241.8	10,954.8	5,667.9	33.6
Other Transfers	2,810.0	3,158.4	5,972.7	4,000.7	26.7
Federal Revenues	623.2	597.5	276.2	276.2	-53.8
Other Revenues	269.0	0.0	0.0	0.0	***
SOURCES TOTAL	5,590.4	7,997.7	17,203.7	9,944.8	24.3
USES					
Personal Services and Employee Benefits	2,876.9	3,085.1	4,651.7	3,838.0	24.4
Contractual Services	2,109.6	2,413.3	3,343.9	2,343.9	-2.9
Other	539.2	621.8	4,330.6	1,135.4	82.6
Other Financing Uses	0.0	1,877.5	4,877.5	2,627.5	39.9
TOTAL USES	5,525.7	7,997.7	17,203.7	9,944.8	24.3
FTE					
Permanent	27.0	40.0	63.0	61.0	52.5
Term	13.0	11.0	11.0	1.0	-90.9
TOTAL FTE POSITIONS	40.0	51.0	74.0	62.0	21.6

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent of total personal care option cases that are consumer-directed	7.6%	10.6%	8%	12%	12%
* Outcome	Percent of disabled and elderly medicaid waiver clients who receive services within ninety days of eligibility determination	98.28%	98.3%	100%	100%	100%
* Outcome	Average number of months that individuals are on the disabled and elderly waiver registry prior to receiving an allocation for services			24	24	24
Outcome	Average annual cost per client in the coordinated long-term services program					TBD
* Output	Number of individuals on the self-directed (mi via) waiver			300	300	400
Output	Number of traumatic brain injury compliance reviews performed annually	10	7	*	*	
* Output	Number of brain injury clients served through the self-directed waiver			100	100	125
Output	Number of clients enrolled in coordinated long-term services					20,000
* Output	Number of persons reintegrated from nursing homes into home- and community-based medicaid services			121	121	150

ADULT PROTECTIVE SERVICES

The purpose of the adult protective services program is to investigate allegations of abuse, neglect and exploitation of seniors and adults with disabilities and provide in-home support services to adults at high risk of repeat neglect.

BUDGET SUMMARY (dollars in thousands)					
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	12,012.7	12,732.0	13,409.1	13,324.0	4.6
Other Transfers	3,121.1	3,149.4	3,119.4	3,119.4	-1.0
SOURCES TOTAL	15,133.8	15,881.4	16,528.5	16,443.4	3.5
USES					
Personal Services and Employee Benefits	8,014.6	8,528.0	9,515.4	9,430.3	10.6
Contractual Services	2,855.0	3,743.0	3,932.0	3,932.0	5.0
Other	3,800.0	3,610.4	3,081.1	3,081.1	-14.7
TOTAL USES	14,669.6	15,881.4	16,528.5	16,443.4	3.5
FTE					
Permanent	170.0	174.0	177.0	177.0	1.7
TOTAL FTE POSITIONS	170.0	174.0	177.0	177.0	1.7

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of adults with repeat maltreatment	10.44%	9.20%	9%	9%	9%
* Outcome	Percent of cases closed within ninety days of referral			70%	70%	70%
Output	Number of clients receiving services		1,365			
* Output	Number of adults receiving adult protective services intervention	6,137	6,147	6,600	6,250	6,250

PROGRAM SUPPORT

The purpose of program support is to provide clerical, record-keeping and administrative support in the areas of personnel, budget, procurement and contracting to agency staff, outside contractors and external control agencies to implement and manage programs.

BUDGET SUMMARY (dollars in thousands)					
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,990.5	2,264.5	2,413.3	2,346.8	3.6
Other Transfers	260.7	174.4	387.7	387.7	122.3
Federal Revenues	571.0	741.9	644.5	644.5	-13.1
SOURCES TOTAL	2,822.2	3,180.8	3,445.5	3,379.0	6.2
USES					
Personal Services and Employee Benefits	2,409.5	2,730.1	2,836.7	2,836.7	3.9
Contractual Services	90.2	135.5	174.1	164.1	21.1
Other	296.3	315.2	434.7	378.2	20.0
TOTAL USES	2,796.0	3,180.8	3,445.5	3,379.0	6.2
FTE					
Permanent	30.0	30.0	31.0	31.0	3.3
Term	5.0	5.0	4.0	4.0	-20.0
TOTAL FTE POSITIONS	35.0	35.0	35.0	35.0	0.0

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
Output	Number of contractors monitored or assessed	102	95			
Output	Number of attendees at annual conference on aging	1,361	1,122			
Output	Percent of contractors assessed with no significant findings	96%	100%	100%	100%	100%
Output	Number of program performance and financial expenditure reports analyzed and processed within established deadlines	1,128	1,114			

STATUTORY AUTHORITY:

The Human Services Department was created by Sections 9-8-1 through 9-8-12 NMSA 1978. The agency is responsible for administering a number of programs related to providing medical and financial assistance for eligible populations and child support collection activities. The agency consists of six divisions: Administrative Services, Child Support Enforcement, Medical Assistance, Medicaid Behavioral Health, Behavioral Health Services and Income Support. Behavioral Health Services transferred from the Department of Health after enactment of Laws 2007 Chapter 371.

Additional authority and definition of responsibilities are found in the Public Assistance Act (Sections 27-2-1 through 27-2-47 NMSA 1078) for the Income Support, Medical Assistance, and Child Support Enforcement divisions.

MISSION:

HSD administers several large state and federally funded programs that provide health care, financial assistance, child support, and food assistance to New Mexico's most needy citizens. These programs prevent or reduce poverty while improving the social and economic health of more than 600,000 New Mexicans.

BUDGET SUMMARY (dollars in thousands)					
	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	727,337.2	817,227.1	950,952.4	907,231.9	11.0
Other Transfers	111,582.8	109,769.3	116,390.0	119,580.0	8.9
Federal Revenues	2,513,239.6	2,781,115.1	3,039,496.5	3,021,016.3	8.6
Other Revenues	68,529.3	74,946.2	99,434.9	86,687.9	15.7
SOURCES TOTAL	3,420,688.9	3,783,057.7	4,206,273.8	4,134,516.1	9.3
USES					
Personal Services and Employee Benefits	91,118.0	100,076.2	113,992.5	106,732.2	6.7
Contractual Services	122,679.9	141,136.3	153,071.3	139,488.9	-1.2
Other	3,129,016.6	3,432,123.2	3,840,997.8	3,784,112.6	10.3
Other Financing Uses	73,996.3	109,722.0	98,212.2	104,182.4	-5.0
TOTAL USES	3,416,810.8	3,783,057.7	4,206,273.8	4,134,516.1	9.3
FTE					
Permanent	1,802.0	1,851.0	1,994.0	1,908.0	3.1
Term	47.0	111.0	56.0	58.0	-47.7
Temporary	0.0	0.0	50.0	50.0	***
TOTAL FTE POSITIONS	1,849.0	1,962.0	2,100.0	2,016.0	2.8

BUDGET ISSUES:

The FY09 committee recommendation for the Human Services Department (HSD) totals \$4.1 billion, up 9.3 percent over the FY08 level of \$3.8 billion. The general fund recommendation is \$907.2 million, an increase of \$90 million or 11 percent over the FY08 total of \$817.2 million. Of the total increase from the general fund of \$90 million, \$81.7 million is for the Medicaid programs. The FY09 recommendation includes a new program, the Behavioral Health Services Division (BHSD), for the first time after legislation transferred the division to the Human Services Department (HSD) from the Department of Health for FY08. However, LFC continues to isolate Medicaid behavioral health costs in a separate program, as recommended by an LFC performance audit, to consolidate accountability and function with appropriation levels.

As expected, the largest increase is in the Medical Assistance Division (MAD), with total expenditures for FY09 rising to \$3.1 billion, an increase of 9.7 percent over the FY08 total of \$2.8 billion. The FY09 requirement from the general fund to support the federal revenues for MAD is \$695.1 million, a 10.1 percent increase over FY08. This appropriation level approximates the HSD request less any prior-year carry-forward that the LFC will address as a supplemental appropriation for FY08. The general fund requirement is reduced by \$4.3 million of tobacco settlement program revenue included in the internal services/interagency transfers category. For FY09 the federal medical assistance percentage (FMAP) declined to 70.92 percent from the FY08 value of 71.26 percent. Even this seemingly modest decline in FY09 created an additional state requirement of approximately \$10.6 million without any increase in service level.

The committee anticipates approximately \$17.3 million of the increase from the general fund to match with approximately \$43.2 million in federal funds to total \$60.5 million to allow for enrollment growth primarily in the physical healthcare program provided

by the managed care organizations (MCO). This is a spending increase of 5.2 percent and after anticipated premium increases averaging 3 percent will support a monthly average of 276 thousand enrollees for FY09. This appropriation level approximates the FY09 HSD request for this group. However, a later projection in November called for an increase of over \$130 million, more than double the original estimate. This increase is assumed to be tied to a revamped, streamlined annual recertification process that will reduce the number of enrollees dropping off each month. The November HSD estimate indicates an average increase of 10,000 monthly members. The LFC recommendation does not fully fund an enrollment increase of this magnitude because the extrapolation is based on only one month's data. If the preliminary data proves to be the beginning of a continuing trend rather than an aberration for one or two months, then HSD estimates a FY08 shortfall of \$77 million, requiring a match from the general fund of \$22 million. The original budget request projected a \$26 million shortfall, requiring \$7.6 million from the general fund. HSD did not submit a revised budget request based on the preliminary data.

For any other agency, situations like this require a supplemental appropriation but statute allows the Medicaid program to pay prior-year expenditures with current year appropriations. HSD applied the shortfall to the FY09 request. This anomaly for Medicaid was enacted to allow the agency to pay providers that submit legitimate Medicaid expenditures late. To eliminate this practice, both chambers passed committee-sponsored legislation in the 2007 session that did not allow this carryover. The governor vetoed through inaction and the apparent result is that HSD feels no compulsion to remain within appropriated budget levels and leading to a potential \$77 million shortfall in FY08. The committee does not include the carry-over from FY08 in the FY09 recommendation but will consider funding to cover the shortfall as a supplemental request, similar to the process followed by other agencies. The recommended supplemental appropriation will not be for the entire \$77 million, because the unstable enrollment environment makes the exact requirement uncertain.

In addition, the committee supports an increase of \$25 million from the general fund to match with federal funds of \$75.6 million for a total of \$100.6 million for the State Coverage Insurance (SCI) program, the primary vehicle to extend healthcare coverage to persons with incomes below 100 percent of the federal poverty level. This expanded eligibility was part of an FY08 initiative funded with \$10.9 million from the general fund and a total \$55 million after the federal funds match. SCI totaled over \$100 million for FY08 and the additional funding for FY09 will increase the program to over \$188 million, an increase of 80 percent in just one year. This funding level supports a monthly average of over 25,000 enrollees in FY09. However, because SCI is a waiver program and not an entitlement, the committee recommends funding for this program be redirected to the entitlement population in the Medicaid programs if necessary to stay within the FY09 appropriation level. This leaves approximately \$25 million from the general fund to support all other increases in the Medicaid program, estimated to amount to almost 7 percent. Some areas, such as personal care, are expected to grow disproportionately using the additional funds. Again, any unused funds should be directed to priority entitlement areas in an effort to not exceed the FY09 appropriation level.

The MAD administrative program recommendation totals \$63.1 million, compared with the FY08 operating budget of \$54.1 million, a 16.7 percent increase. The FY09 recommendation from the general fund increases 7.7 percent to \$10.5 million. Also, there is a \$6 million increase in federal funds for transfers primarily to the Department of Health (DOH) for a variety of services. In the absence of these federal funds, the increase is only 5.4 percent. The personal services and employee benefit category increased 6 percent and the federal match was lower for some positions so the requirement from the general fund increased. The agency requested additional funds related to outreach for expanded Insure New Mexico activities and Medicaid enrollment, as well as the associated fiscal agent transaction costs for larger programs. The committee recommends these appropriation requests be included in any universal healthcare legislation proposals to keep the money with its purpose and not in a program expansion that ultimately may not be part of HSD.

The Medicaid Behavioral Health program was established in FY08 in anticipation of the transfer of the Behavioral Health Services Division (BHSD) from DOH. A separate budget code was used to isolate the Medicaid behavioral health budget. The FY08 recommendation was for \$75.2 million from the general fund and \$264.9 million total. The latest HSD Medicaid projection puts the FY08 total in excess of \$300 million, far above the appropriation. The increase is tied to benefit changes, such as including certain substance abuse services in the state plan, as well as the recent upsurge in enrollment as noted for the physical health managed care programs. This reinforces the need for a FY08 supplemental appropriation as outlined previously and explains the FY09 increase of 26.3 percent. With the federal match, the Medicaid Behavioral Health total climbs to \$323.4 million, a 22.1 percent increase over the FY08 total appropriation of \$264.9 million. This appropriation level is consistent with the estimate for the physical health managed care program and allows for a monthly average of approximately 275,000 enrollees. In May 2007, when establishing the operating budget, HSD did not incorporate BHSD in with the Medicaid Behavioral Health program as recommended in an LFC audit. The committee again recommends consolidation of behavioral health spending and accountability in response to the recommendation of the audit. The committee does not recommend program-transfer language between the Medicaid Behavioral Health program and the Medical Assistance Division for FY09 because HSD did not recognize the identity of the new program and allowed large expenditure increases not apparent when combined with the total Medicaid budget. This diminishes the purpose of the Medicaid Behavioral Health program, to make behavioral health performance and expenditures more transparent.

A challenge for BHSD is the reduction or expiration of federal grants related to mental health and substance abuse issues. One grant declined from \$3.5 million to \$800 thousand and a second from \$7.4 million to \$4.8 million. This net change of \$5.3 million accounts for the entire change in the BHSD appropriation to \$65.2 million, a reduction of 7.3 percent. The request did not reflect the \$4.8 million grant awarded after the budget submission. As a result the committee recommends inclusion of this grant along with 3 additional term FTE also not included in the HSD request. The personal services and employee benefit category decreased \$712 thousand after the transfer of 5 FTE to Program Support and the reduction of four others in response to lower federal revenues. The committee notes there will be reductions or elimination of programs as federal priorities change and funding drops. These reductions are balanced against increases of over 20 percent in the Medicaid Behavioral Health program.

Other challenges facing Medicaid and health care in New Mexico are changes pending or already changed but in suspension related to federal regulation and the State Children's Health Insurance Program (SCHIP) reauthorization. The University of New Mexico Hospital faces revenue losses of \$40 million as part of a Medicaid reduction for medical teaching institutions. The future of federal funding for adults, especially those without children, is uncertain as part of SCHIP legislation. These funds are an important revenue source for New Mexico's healthcare program for adults with incomes below 100 percent of the federal poverty level as well as universal health care proposals. Significant reductions in these revenue sources could encourage realignment of spending priorities from the general fund.

Enrollments in all Income Support Division (ISD) welfare-related programs have declined over the past year. The food stamp caseload was 90,794 during September 2007, a 3.8 percent decrease from September 2006; the temporary assistance for needy families (TANF) cash assistance caseload was 13,784 during September 2007, a 14.2 percent decrease from September 2006; and general assistance enrollment was 1,930 during September 2007, a decrease of 11.2 percent from September 2006. Declines at this level reduce revenue requirements for both federal and state shares. Unfortunately, declines in food stamps, 100 percent federally funded, takes more money out of the economy, \$400 thousand to \$600 thousand per month, as well as leaving some individuals with food insecurity. A Department of Agriculture report noted New Mexico as second worst in the United States for food insecurity with over 16 percent of the population in an unstable situation.

The recently declining TANF enrollment has left appropriations for cash assistance unspent. For FY07, HSD reports unspent appropriations of over \$9 million in cash assistance and \$12 million overall. These unspent funds are allowed by federal regulation to carry forward to the next fiscal year but can only be spent for cash assistance. The executive saw this as an opportunity to increase the cash assistance award by 15 percent effective January 2008, which will increase total compensation by approximately \$9 million annually at this enrollment level. With a total unspent federal nonrecurring carry-forward of \$47 million, the balance would last five years. This change in policy has merit; the award has not been increased in over 10 years since the transition to TANF from the previous Aid to Families with Dependent Children. However, the executive acted without legislative input or an appropriation for this purpose and that action can again be construed as an example of usurping the legislative appropriation power. If enrollment turns back up, this additional 15 percent liability will reduce available funds for support services that may be more valuable to the client in the long term. The focus must be on funding activities that enhance work training because cash assistance ends after a maximum of 60 months and the clients must be employment-ready.

To facilitate another policy change, HSD collaborated with other state agencies to identify \$6 million of expenditures from the general fund that supports TANF-eligible programs and already appropriated to these agencies. These funds qualify as maintenance of effort (MOE), state spending that triggers the federal TANF block grant. This spending, therefore, reduces the required appropriation from the general fund to HSD by an equivalent amount. Then \$5.6 million of the savings is directed in FY09 to a state funded TANF program. Clients in the state funded program qualify for assistance without meeting the work requirement in federal regulations. This was necessitated by the more stringent work requirements mandated by the federal Deficit Reduction Act of 2005 that would result in penalties in excess of the \$5.6 million for failure to meet work participation rates.

The recommendation also includes an appropriation for \$6 million for work retention cash bonuses. This initiative replaces the excess hour earned income disregard with an employment retention and advancement program. The program encourages participants to leave the New Mexico Works program, maintain employment for 30 or more hours per week, and eventually leave the employment retention and advancement program due to increased earnings. It is anticipated the program will be close to cost neutral because, as clients transition to employment, the cash assistance requirement will decline.

A chart in Volume III shows the Temporary Assistance for Needy Families (TANF) budget for FY08, the FY09 HSD request, and the FY09 committee recommendation. The committee recommendation for TANF totals \$168 million and includes \$34.9 million from the general fund for MOE and \$127.5 million of federal funds. The federal portion includes \$15.3 million of unspent nonrecurring prior-year funds. The revenue level supports what might be considered mandatory expenditures for administration of \$9.5 million, total cash assistance of \$68 million, work contracts of \$12 million, childcare subsidies of \$32.2 million, and maintenance of effort in other agencies of \$31.4 million, leaving \$15 million to distribute over the other programs. The cash

assistance appropriation is adequate for an enrollment of approximately 13,500 cases monthly and includes the 15 percent award increase. If enrollment turns upward, the amount is enough to absorb an unanticipated jump of 20 percent. New programs for FY09 include Pre-Kindergarten and Kindergarten-three-plus at the Public Education Department.

The overall ISD appropriation growth is only 3.1 percent. The primary reason for the relatively low total growth is that enrollment in federally funded programs is declining as noted above. The recommended FY09 increase from the general fund is 7.6 percent, up to \$50.1 million from \$46.5 million in FY08.

ISD provides eligibility services for all HSD programs, including Medicaid, Food Stamp and TANF. The trend is for a higher proportion of the eligibility caseload to be Medicaid and Food Stamp cases, the administration of which draws a 50 percent federal match. The administrative costs in the TANF program are fully funded with federal funds. This creates a greater requirement from the general fund. For example, in FY06 the TANF cost allocation for ISD administration was 20 percent but for FY07 it declined to 14 percent then to 13 percent for FY08 and 11 percent in FY09. This movement away from TANF adds each year to the requirement from the general fund and will continue, especially in light of expanded healthcare coverage. The number of eligibility workers will not only increase, but the federal match will decline requiring a disproportionately high requirement from the general fund. Other large increases from the general fund are for full-year funding for 44 FTE partially funded in FY08 and higher lease expenditures, along with the lower TANF allocation. The base increase from the general fund also includes \$1.35 million for a long-standing Food Stamp penalty that was previously a special appropriation. Finally, \$1.5 million from the general fund supports an expansion of 50 FTE for FY09 to help reduce worker caseloads that have risen to an average of almost 600 cases.

The committee recommends \$7.9 million for the General Assistance Program. The program is funded entirely from state funds. Enrollment has doubled from 2003 to 2006, when enrollment was at 2,172 but has since declined, along with other welfare programs, and has been as low as 1,893 in June 2007. General assistance essentially provides a safety net for disabled adults ineligible for federally supported programs, generally low-income persons without children.

Changes in federal regulations related to increasing disregard payments, pass-through child support funds for clients owing TANF repayments, resulted in a \$650 thousand loss of other revenue for Child Support Enforcement that required replacement from the general fund. A similar situation existed last year regarding federal incentives no longer counting toward federal match. These federal changes have contributed to an increase in appropriations from the general fund of 36 percent since FY07. The recommendation includes a general fund increase to \$8.6 million from the FY08 level of \$7.6 million, a 15.8 percent increase. Without this federal disregard change the increase from the general fund totals 7.3 percent.

The committee recommends \$45.4 million to Program Support, an increase of 5.7 percent over FY08. The recommendation from the general fund totals \$13 million, up 15 percent over the FY08 level of \$11.3 million. Approximately \$600 thousand of the increase is necessitated by a reduction in other state funds from the statewide cost allocation. The other expenditure category increased 14.2 percent with most of the growth attributed to an increase of \$1.8 million in information technology.

BASE EXPANSION:

For Medicaid administration, the committee recommends \$50 thousand from the general fund and \$50 thousand of federal funds and 3 FTE to facilitate and provide oversight of the coordinated long-term services managed-care implementation.

For the Medicaid program the committee recommends \$1 million from the general fund and \$2.4 million from federal funds for the new state autism initiative. This is the first appropriation to Medicaid for autism.

The committee recommends 50 FTE and \$1.5 million from the general fund and \$2.1 million from federal funds to the Income Support Division to help reduce existing eligibility worker caseloads. The other FTE requested to support the universal health care proposals should be included in separate legislation.

Also, the committee recommends \$98 thousand from the general fund and \$190 thousand from federal funds for 4 FTE in the Child Support Enforcement Division to support office management and office training efforts.

The committee recommends \$600 thousand from the general fund to the Behavioral Health Services Division to support an effort to provide services for military personnel and their families primarily returning from Iraq and Afghanistan to minimize disorders related to the mental trauma they may have experienced in war conditions.

RECOMMENDED LANGUAGE:

The other state funds appropriations to the medical assistance program of the human services department include four million three hundred thousand dollars (\$4,300,000) from the tobacco settlement program fund for breast and cervical cancer treatment and for medicaid program expenditures.

The federal funds appropriations to the income support program of the human services department include nine million four hundred ninety thousand four hundred dollars (\$9,490,400) from the federal temporary assistance for needy families block grant for administration of the New Mexico Works Act.

The appropriations to the income support program of the human services department include nine million one hundred twenty-five thousand dollars (\$9,125,000) from the general fund and fifty-seven million eight hundred forty-seven thousand four hundred dollars (\$57,847,400) from the federal temporary assistance for needy families block grant to provide cash assistance grants to participants as defined in the New Mexico Works Act, including clothing allowances, one-time diversion payments and state-funded payments to aliens.

The appropriations to the income support program of the human services department include one million dollars (\$1,000,000) from the federal temporary assistance for needy families block grant to provide wage subsidies for participants.

The federal funds appropriations to the income support program of the human services department include fifteen million nine hundred twenty thousand dollars (\$15,920,000) from the federal temporary assistance for needy families block grant for support services, including one million seven hundred twenty thousand dollars (\$1,720,000) for employment-related costs, eight hundred thousand dollars (\$800,000) for transportation services, six hundred thousand dollars (\$600,000) for a family-strengthening and fatherhood program, eight hundred thousand dollars (\$800,000) for a substance abuse program and twelve million dollars (\$12,000,000) for job training and placement.

The federal funds appropriations to the income support program of the human services department include forty-three million two hundred nine thousand three hundred dollars (\$43,209,300) from the temporary assistance for needy families block grant for the transfer of thirty-two million four hundred nineteen thousand three hundred dollars (\$32,419,300) to the children, youth and families department for childcare programs and three million six hundred thousand dollars (\$3,600,000) to the children, youth and families department for domestic violence programs, one million four hundred forty thousand dollars (\$1,440,000) to the commission on the status of women for the TeamWorks program, three million dollars (\$3,000,000) to the department of education for the Kindergarten-three-plus, two million dollars (\$2,000,000) to the public education department for the Pre-Kindergarten program and seven hundred fifty thousand dollars (\$750,000) to the aging and long-term services department for the gold mentor program.

The appropriations to the income support program of the human services department include from the general fund five million six hundred sixty-five thousand five hundred dollars (\$5,665,500) and from other state funds two million two hundred twenty-six thousand dollars (\$2,226,000) for general assistance.

The general fund appropriations to the income support program of the human services department include two hundred eighteen thousand dollars (\$218,000) for the Navajo sovereign temporary assistance for needy families program.

The general fund appropriations to the income support program of the human services department include thirty-two thousand dollars (\$32,000) for the Zuni sovereign temporary assistance for needy families program.

The human services department shall provide the department of finance and administration and the legislative finance committee quarterly reports on the expenditures of the federal temporary assistance for needy families block grant and the state maintenance-of-effort expenditures.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
01	100 FTE for Insure NM and caseload reduction	(INCOME SUPP)	7,149.3	3,570.0
02	Medical assistance program outreach	(MED ASSIST)	383.7	0.0
03	Los Lunas substance abuse treatment/trng ctr	(BHSD)	2,508.9	0.0
04	NM military and veteran family support collab	(BHSD)	600.0	600.0
05	Behavioral health crisis system	(BHSD)	1,850.0	0.0
06	Supportive housing	(BHSD)	1,000.0	0.0
07	Local collaborative support	(BHSD)	270.0	0.0
08	Grant replacement and realignment	(BHSD)	6,301.9	0.0
09	Program support for behavior hlth srvcv div	(PRG SUPPORT)	620.6	0.0
10	Program management and analysis	(MED ASSIST)	537.6	100.0
11	Rate equalization and Medicaid rate adjustment	(BHSD)	4,297.6	0.0
12	Replacement of lost TANF revenue	(CHILD SUPPO)	650.3	0.0
13	Business operations center (ASD/GSB)	(PRG SUPPORT)	308.2	0.0
14	Transportation in rural and frontier areas	(BHSD)	500.0	0.0
15	Autism spectrum disorder funding	(MED ASSIST)	10,000.0	3,448.3
16	Medication assisted substance abuse treatment	(MED ASSIST)	1,709.9	0.0
17	Office mngmnt, regional trng, & dvlpmnt prgm	(CHILD SUPPO)	503.6	288.0
18	Public assistance reporting system ("PARIS")	(PRG SUPPORT)	142.6	0.0
TOTAL			39,334.2	8,006.3

MEDICAL ASSISTANCE

The purpose of the medical assistance program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost health care.

**BUDGET SUMMARY
(dollars in thousands)**

	FY07		FY08		FY09 - 2008-2009		Percent Incr (Decr)
	2006-2007	2007-2008	2007-2008	Agency Request	LFC Recommendation		
	<u>Actuals</u>		<u>Budgeted</u>				
SOURCES							
General Fund Transfers	629,036.1		631,304.9	812,447.9	695,061.5		10.1
Other Transfers	100,825.2		108,494.2	114,980.0	118,170.0		8.9
Federal Revenues	2,050,114.6		2,053,725.1	2,492,218.2	2,245,072.9		9.3
Other Revenues	57,008.9		62,579.9	88,494.5	75,748.0		21.0
SOURCES TOTAL	2,836,984.8		2,856,104.1	3,508,140.6	3,134,052.4		9.7
USES							
Personal Services and Employee Benefits	10,593.0		10,074.7	11,773.6	10,782.0		7.0
Contractual Services	29,985.9		31,713.5	35,995.9	34,384.0		8.4
Other	2,760,525.7		2,744,059.3	3,401,980.0	3,030,495.3		10.4
Other Financing Uses	35,880.2		70,256.6	58,391.1	58,391.1		-16.9
TOTAL USES	2,836,984.8		2,856,104.1	3,508,140.6	3,134,052.4		9.7
FTE							
Permanent	144.0		149.0	165.0	151.0		1.3
Term	0.0		9.0	11.0	11.0		22.2
TOTAL FTE POSITIONS	144.0		158.0	176.0	162.0		2.5

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
Output	Number of adults enrolled in state coverage insurance	4,759	7,549	10,000		
Outcome	Percent of children enrolled in medicaid managed care who have a dental exam within the performance measure year	52.73%	67%	70%		
* Outcome	Number of children receiving services in the medicaid school-based services program	17,004	16,770	17,000	17,500	17,500
* Output	Number of employers participating in state coverage insurance		311	1,200	375	375
* Outcome	Percent of children in medicaid managed care receiving early and periodic screening, diagnosis and treatment services as measured by health care effectiveness data and information set				68%	70%
Outcome	Percent of children in medicaid managed care receiving early and periodic screening, diagnosis and treatment services	55%	67%	60%		
Outcome	Percent of adolescents in medicaid managed care receiving well-care visits	23.7%	39.9%	55%		
* Output	Percent of eligible children under age twenty-one who get healthcare coverage through medical assistance programs				2%	2%
Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving breast cancer screens	42.2%	56%	60%		
Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving cervical cancer screens	56.6%	68%	75%		
* Output	Percentage of eligible adults, with incomes below one hundred percent of federal poverty level, who get healthcare coverage through medical assistance programs				2%	2%
* Output	Percent of eligible children under age five who get health care coverage through medical assistance programs				2%	2%
* Outcome	Percent of children enrolled in medicaid managed care who have a dental exam as measured by healthcare effectiveness data and information set				50%	50%
* Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving breast cancer screenings as measured by healthcare effectiveness data and information set				53%	53%
* Outcome	Percent of age-appropriate women enrolled in medicaid managed care receiving cervical cancer screenings as measured by healthcare effectiveness data and information set				69%	69%

BEHAVIORAL HEALTH SERVICES

The purpose of the behavioral health services program is to lead and oversee the provision of an integrated and comprehensive behavioral health prevention and treatment system so that the program fosters recovery and supports the health and resilience of all New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	37,584.0	45,272.0	62,206.7	45,341.4	0.2
Other Transfers	2,468.3	1,275.1	1,410.0	1,410.0	10.6
Federal Revenues	21,481.0	23,755.7	13,627.5	18,427.5	-22.4
Other Revenues	42.0	42.0	42.0	42.0	0.0
SOURCES TOTAL	61,575.3	70,344.8	77,286.2	65,220.9	-7.3
USES					
Personal Services and Employee Benefits	2,202.8	3,076.6	2,708.5	2,364.1	-23.2
Contractual Services	56,840.1	63,885.2	71,071.3	59,658.8	-6.6
Other	355.1	1,710.9	1,688.4	1,380.0	-19.3
Other Financing Uses	1,458.4	1,672.1	1,818.0	1,818.0	8.7
TOTAL USES	60,856.4	70,344.8	77,286.2	65,220.9	-7.3
FTE					
Permanent	31.0	31.0	33.0	26.0	-16.1
Term	13.0	18.0	10.0	13.0	-27.8
TOTAL FTE POSITIONS	44.0	49.0	43.0	39.0	-20.4

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of people receiving substance abuse treatment who demonstrate improvement on two or more domains on the addiction severity index for alcohol				79%	79%
* Outcome	Suicide rate among adults age twenty and older per one hundred thousand				20.5	20
Outcome	Percent of children and adolescents receiving behavioral health services who are successful in school	67.4%	80.8%	68%	Baseline	
* Outcome	Suicide rate among children age fifteen to nineteen per one hundred thousand (calendar year)	17.0	19.1	14.0	14.0	14.0
Outcome	Percent of individuals with mental illness, or substance abuse disorders or both receiving services with decent, safe and affordable housing	77.73%	78.5%	78%	79%	
Outcome	Number of driving while intoxicated arrests among persons receiving substance abuse treatment or services	8%	Unavailable	TBD	TBD	
Output	Percent of adults served who have contact with adult correctional systems	21.3%	36.7%	TBD	TBD	

MEDICAID BEHAVIORAL HEALTH

The purpose of the medicaid behavioral health program is to provide the necessary resources and information to enable low-income individuals to obtain either free or low-cost health care.

BUDGET SUMMARY (dollars in thousands)						
FY09 - 2008-2009						
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	0.0	75,170.0	0.0	94,918.0	26.3	
Federal Revenues	0.0	189,700.0	0.0	228,457.0	20.4	
SOURCES TOTAL	0.0	264,870.0	0.0	323,375.0	22.1	
USES						
Other	0.0	264,870.0	0.0	323,375.0	22.1	
TOTAL USES	0.0	264,870.0	0.0	323,375.0	22.1	
FTE						
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***	

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent of readmissions to the same level of care or higher for individuals in managed care discharged from residential treatment center			2%	11%	8%
Outcome	Percent of children and adolescents receiving medicaid behavioral health services who are successful in school	67.4%	80.8%	68%	Baseline	72%
Outcome	Number of unique individuals in medicaid served in substance abuse or mental health programs			52,000	73,500	73,500

INCOME SUPPORT

The purpose of the income support program is to provide cash assistance and supportive services to eligible low-income families so they can achieve self-sufficiency.

BUDGET SUMMARY (dollars in thousands)						
FY09 - 2008-2009						
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)	
SOURCES						
General Fund Transfers	43,429.9	46,536.8	52,552.7	50,065.1	7.6	
Other Transfers	8,289.3	0.0	0.0	0.0	***	
Federal Revenues	395,942.6	466,910.3	481,585.6	479,364.6	2.7	
Other Revenues	3,255.3	3,610.5	3,529.6	3,529.6	-2.2	
SOURCES TOTAL	450,917.1	517,057.6	537,667.9	532,959.3	3.1	
USES						
Personal Services and Employee Benefits	44,772.4	50,268.9	58,996.6	55,274.1	10.0	
Contractual Services	18,697.4	24,870.7	24,296.5	24,295.9	-2.3	
Other	348,373.7	404,174.7	416,431.5	409,466.0	1.3	
Other Financing Uses	36,608.5	37,743.3	37,943.3	43,923.3	16.4	
TOTAL USES	448,452.0	517,057.6	537,667.9	532,959.3	3.1	
FTE						
Permanent	981.0	1,025.0	1,125.0	1,075.0	4.9	
Term	34.0	84.0	34.0	34.0	-59.5	
Temporary	0.0	0.0	50.0	50.0	***	
TOTAL FTE POSITIONS	1,015.0	1,109.0	1,209.0	1,159.0	4.5	

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of temporary assistance for needy families clients who receive a job				60%	60%
* Outcome	Percent of temporary assistance for needy families participants who retain a job three or more months	78%	77.5%	75%	78%	78%
* Outcome	Percent of temporary assistance for needy families all parent recipients meeting federally required work participation requirements				50%	50%
Outcome	Percent of temporary assistance for needy families single-parent recipients meeting federally required work participation requirements	49.4	41.1%	60%		
* Outcome	Percent of temporary assistance for needy families two-parent recipients meeting federally required work participation requirements		54.9%	90%	60%	60%
Outcome	Percent of children eligible for food stamps participating in the program	72%	67.9%	80%	68%	70%
* Outcome	Percent of expedited food stamp cases meeting federally required measure of timeliness within seven days	98.3%	98.5%	98%	98%	98%
Output	Number of New Mexico works clients referred to one-stop programs				4,000	4,000
* Outcome	Number of New Mexico families receiving food stamps	95,931	91,394	104,000	95,150	95,150
Outcome	Number of temporary assistance for needy families clients who receive a job	6,889	6,938	9,500		
* Outcome	Percent of regular food stamp cases meeting the federally required measure of timeliness within thirty days				95%	97%

CHILD SUPPORT ENFORCEMENT

The purpose of the child support enforcement program is to provide location, establishment and collection services for custodial parents and their children to ensure that all court orders for support payments are being met to maximize child support collections and to reduce public assistance rolls.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,505.9	7,645.3	9,721.2	8,851.3	15.8
Federal Revenues	18,607.3	19,470.4	21,198.6	20,778.7	6.7
Other Revenues	3,183.6	4,570.4	3,852.3	3,852.3	-15.7
SOURCES TOTAL	28,296.8	31,686.1	34,772.1	33,482.3	5.7
USES					
Personal Services and Employee Benefits	17,025.3	19,633.1	21,576.5	20,818.0	6.0
Contractual Services	6,625.3	7,503.0	8,306.0	7,840.0	4.5
Other	4,542.2	4,550.0	4,889.6	4,824.3	6.0
TOTAL USES	28,192.8	31,686.1	34,772.1	33,482.3	5.7
FTE					
Permanent	399.0	399.0	406.0	403.0	1.0
TOTAL FTE POSITIONS	399.0	399.0	406.0	403.0	1.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of temporary assistance for needy families cases with court-ordered child support receiving collections	58%	54.4%	70%	60%	60%
* Outcome	Amount of child support collected, in millions	\$89.4	\$95.3	\$97	\$100	\$100
* Outcome	Percent of current support owed that is collected	54%	56.3%	67%	58%	
* Outcome	Percent of cases with support orders	62.7%	64.5%	67%	67%	69%
* Outcome	Percent of children born out of wedlock with voluntary paternity acknowledgment	65%	74.2%	80%	80%	82%
* Outcome	Percent of children with court-ordered medical support covered by private health insurance	35%	33%	38%	38%	40%

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program and to assist it in achieving its programmatic goals.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	10,781.3	11,298.1	14,023.9	12,994.6	15.0
Federal Revenues	27,094.1	27,553.6	30,866.6	28,915.6	4.9
Other Revenues	5,039.5	4,143.4	3,516.5	3,516.0	-15.1
SOURCES TOTAL	42,914.9	42,995.1	48,407.0	45,426.2	5.7
USES					
Personal Services and Employee Benefits	16,524.5	17,022.9	18,937.3	17,494.0	2.8
Contractual Services	10,531.2	13,163.9	13,401.6	13,310.2	1.1
Other	15,219.9	12,758.3	16,008.3	14,572.0	14.2
Other Financing Uses	49.2	50.0	59.8	50.0	0.0
TOTAL USES	42,324.8	42,995.1	48,407.0	45,426.2	5.7
FTE					
Permanent	247.0	247.0	265.0	253.0	2.4
Term	0.0	0.0	1.0	0.0	***
TOTAL FTE POSITIONS	247.0	247.0	266.0	253.0	2.4

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u> 90%	<u>FY09 Recomm</u> 90%
* Outcome	Percent of federal grant reimbursements completed that meet the federal standards for timeliness					
* Outcome	Percent of invoices paid within thirty days of receipt of the invoice	84%	73%	100%	100%	100%
Outcome	Percent of prior-year audit finding resolved in the current fiscal year	94%	93%	100%		
* Outcome	Percent of audit findings that are material weaknesses	39.3%	0%	0%	0%	0%
* Outcome	Number of office of inspector general claims over thirty-six months old	4,285	3,539	0	3,470	3,470
Outcome	Percent of reconciling items resolved within fifteen days of completion of reconciliation	76%	Unavailable	95%		
* Output	Percent of timely final decisions on administrative disqualification hearings				100%	100%
* Output	Number of days for the chief financial officer to certify the accuracy of financial transactions after the close of an accounting cycle				45	45
* Output	Percent of investigations referred to office of inspector general completed within ninety days from the date assigned				70%	70%

STATUTORY AUTHORITY:

The Workforce Solutions Department was created in 2007 by Section 9-26-1 through 9-26-15 NMSA 1978 to establish a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Labor Department and the Office of Workforce Development. The department administers the Unemployment Compensation Act, Wagner-Peyser Act of 1933 as amended, Trade Adjustment Act of 1974, Unemployment Tax Act, Human Rights Act, and labor laws and regulations.

MISSION:

The mission of the Workforce Solutions Department (WSD) is to improve the quality, career mobility, and empowerment of the New Mexico workforce, enhance productivity and competitiveness of New Mexico industry, and to increase the self-sufficiency of those entering and moving up in the workforce.

BUDGET SUMMARY						
(dollars in thousands)						
	FY07	FY08	FY09 – 2008-2009		Percent	
	2006-2007	2007-2008	Agency	LFC	Incr	
	Actuals	Budgeted	Request	Recommendation	(Decr)	
SOURCES						
General Fund Transfers	4,060.5	7,262.9	13,488.6	8,060.2	11.0	
Other Transfers	4,925.7	5,339.6	4,635.9	5,419.1	1.5	
Federal Revenues	48,470.8	50,888.4	42,969.7	42,802.1	-15.9	
SOURCES TOTAL	57,457.0	63,490.9	61,094.2	56,281.4	-11.4	
USES						
Personal Services and Employee Benefits	27,986.9	30,259.9	29,596.7	28,844.9	-4.7	
Contractual Services	3,185.0	2,761.3	5,534.8	2,361.9	-14.5	
Other	26,285.1	30,462.7	25,962.7	25,074.6	-17.7	
Other Financing Uses	0.0	7.0	0.0	0.0	-100.0	
TOTAL USES	57,457.0	63,490.9	61,094.2	56,281.4	-11.4	
FTE						
Permanent	563.0	545.0	548.0	541.0	-0.7	
Term	45.5	46.5	44.5	42.5	-8.6	
Temporary	0.0	1.0	0.0	0.0	-100.0	
TOTAL FTE POSITIONS	608.5	592.5	592.5	583.5	-1.5	

BUDGET ISSUES:

Laws 2007, Chapter 200, (House Bill 1280) created the Workforce Solutions Department by consolidating the New Mexico Department of Labor and Office of Workforce Training and Development. The department is organized into five divisions including business services, labor relations, workforce technology, workforce transition services, and program support. Administratively attached to the department are the Human Rights Commission, Labor and Industrial Commission, and the State Workforce Development Board.

In addition to consolidating programming and creating a new organizational structure, Laws 2007, Chapter 200, authorized the secretary to identify overlapping functions among other cabinet departments, such as Economic Development, Higher Education, and Public Education. The new department identified FY08 as a year of internal and external assessment and identifying strengths and weaknesses. Consolidation provides a greater opportunity to leverage federal dollars and eliminate unnecessary duplication and fragmentation. The FY09 base budget request was reduced from the FY08 operating level, but included a 45 percent increase in funding from the general fund to replace \$2.5 million in federal funds and \$700 thousand previously transferred from the workers compensation fund.

Federal funding from Reed Act, Workforce Investment Act (WIA), and Wagner-Peyser has declined significantly in recent years, resulting in substantial general fund increases in FY07 and FY08. The federal Reed Act, passed in 1954, allows for periodic transfers of excess unemployment insurance trust funds from the federal treasury to the states when approved by Congress. Funds transferred under the Reed Act can only be used for unemployment insurance programs and for the administration of the public employment offices. The last transfer to New Mexico occurred in 2002 and was for approximately \$34 million. Over the years New Mexico has used Reed Act funds to fund special information technology system enhancements, administration of enhanced benefits, and administrative expenses, but those funds are now depleted, leaving WSD with a request for \$2.5 million from the general fund as a replacement.

In response to these declining federal funds, the department has cut back on administrative expenditures by implementing austerity measures over the last several years, including personal services and employee benefits. Historically, the agency has been operating with vacancy rates as high as 21 percent due to a lack of funds in some divisions; several positions have been held vacant since August 2005. The number of positions was reduced in FY08 and LFC recommends additional reductions in FY09, including the elimination of 7 permanent and 2 term FTE that have been vacant for two years. Further, the committee encourages the agency to identify other positions to eliminate and reduce expenditures in the other cost and contractual services categories as federal funding continues to decline.

The executive recommended the transfer of workers' compensation fund balance to NMDOL in FY05, which has continued each year since. LFC recommends the continued transfer of \$691.5 thousand from the workers' compensation fund for FY09 to support agency operations. The workers' compensation fund had a balance on June 30, 2007, of \$10.7 million.

Employer taxes are collected by WSD and deposited in the federal treasury in an unemployment insurance (UI) trust fund. New Mexico's UI trust fund is among the most solvent in the United States. With a balance of \$583.6 million on October 31, 2007, New Mexico's UI trust fund is almost three times larger than necessary. The Legislature in 2007 made permanent enhanced benefits and reduced employer taxes passed during the 2004 legislative session and further enhanced benefits by increasing the average weekly benefit paid to the unemployed and the dependent allowance and eliminating the waiting period.

To help ease the burden of dwindling federal funds, the Legislature in 2007 approved the creation of a state UI trust fund. To create the trust fund, WSD will divert \$150 million over a 3.5 year period with the principle invested by the State Investment Council. Interest earned, estimated at \$6 million to \$7 million a year once the fund is fully funded, can be used to help support activities related to unemployment or employment security. Should the federal UI trust fund run into trouble, funds from the newly created state trust fund would be available for transfer to replenish the federal trust fund. The first employer deposits into the state UI trust fund started in October 2007. The department estimates \$261 thousand of interest would be available in FY09 to help support the department's budget.

Consolidation provided an opportunity to define new performance measures. Key to establishing new performance measures is WSD's vision of a world class, market-driven workforce delivery system that prepares job seekers to meet current and emerging needs of employers where every employee who needs a job will have one; and every business who needs an employee will find one with the necessary skills and work readiness to compete in a global economy. The department developed its vision with businesses, job seekers, and service providers in mind. The Department of Finance and Administration has identified WSD as a replacement for OWTD as a key performance reporting agency.

Performance measures in the Workforce Technology Division track responsiveness of the information technology and call center systems to employers and employees and data accuracy for federal reporting. The Workforce Transition Services Division measures report on the timely processing of employer status determinations and unemployment insurance claims, job retention, and the increased earnings of job seekers. The New Business Services Division performance measures report on employer customer satisfaction, outreach, and timely data. Measures for the Labor Relations Division mirror those of the previous compliance division, reporting on backlog, timely investigation of wage claims, and the number of public works inspections completed. Program Support performance measures report on fiscal monitoring of contractors and number of independent state audit findings resolved.

BASE EXPANSION:

The agency requested six expansion items totaling \$2.9 million to fund career cluster curriculum development, career readiness certificate/Work Keys, career clusters, data management, governor's initiative for advanced next-generation training (GIANT), and life-skills training for young adults. Given the department's self-identified need for a year of assessment, the committee does not recommend the requested expansion items.

RECOMMENDED LANGUAGE:

The internal services/interagency transfers appropriation to the labor relations program of the workforce solutions department includes six hundred ninety-one thousand five hundred dollars (\$691,500) from fund balances in the workers' compensation administration fund.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Career clusters curriculum development	(TRANSITION)	1,000.0	0.0
2	Career readiness certificate/work keys	(TRANSITION)	500.0	0.0
3	Career clusters	(TRANSITION)	250.0	0.0
4	Data management	(TECHNOLOGY)	300.0	0.0
5	Gov's initiative for adv. next-gen. training	(TRANSITION)	800.0	0.0
6	<u>Life skills training for young adults</u>	<u>(TRANSITION)</u>	<u>100.0</u>	<u>0.0</u>
TOTAL			2,950.0	0.0

WORKFORCE TECHNOLOGY DIVISION

The purpose of the workforce technology division is to provide and maintain customer-focused, effective and innovative information technology services for the Workforce Solutions Department and its service providers that enables effective management and utilization of the department's operating systems and information technology architecture.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	204.8	2,151.4	1,522.7	643.5
Other Transfers	708.4	730.6	145.7	154.8	-78.8
Federal Revenues	5,121.6	5,285.3	3,456.3	3,256.3	-38.4
SOURCES TOTAL	5,830.0	6,220.7	5,753.4	4,933.8	-20.7
USES					
Personal Services and Employee Benefits	3,246.4	3,873.7	3,452.2	3,156.1	-18.5
Contractual Services	1,498.7	1,470.4	1,226.9	826.9	-43.8
Other	1,084.9	876.6	1,074.3	950.8	8.5
TOTAL USES	5,830.0	6,220.7	5,753.4	4,933.8	-20.7
FTE					
Permanent	51.0	51.0	51.0	48.0	-5.9
Term	2.0	2.0	2.0	1.0	-50.0
TOTAL FTE POSITIONS	53.0	53.0	53.0	49.0	-7.5

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent the system is available during scheduled uptime				95%	95%
Outcome	Percent data accuracy for federal and ad hoc reports				90%	90%
* Output	Average unemployment insurance call center wait time to reach an agent, in minutes				<5	<5
Output	Percent of online transactions completed in less than five seconds				80%	80%

WORKFORCE TRANSITION SERVICES DIVISION

The purpose of the workforce transition services division is to administer an array of demand-driven workforce development services to prepare New Mexicans to meet the needs of business.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,165.8	4,308.9	6,666.5	3,226.5	-25.1
Other Transfers	2,051.8	2,110.0	2,147.4	2,147.4	1.8
Federal Revenues	14,711.9	13,693.6	13,448.1	13,448.1	-1.8
SOURCES TOTAL	18,929.5	20,112.5	22,262.0	18,822.0	-6.4
USES					
Personal Services and Employee Benefits	15,936.1	17,048.5	15,677.8	15,466.3	-9.3
Contractual Services	461.9	478.9	3,214.1	503.2	5.1
Other	2,531.5	2,585.1	3,370.1	2,852.5	10.3
TOTAL USES	18,929.5	20,112.5	22,262.0	18,822.0	-6.4
FTE					
Permanent	329.0	309.0	312.0	308.0	-0.3
Term	42.5	43.5	41.5	40.5	-6.9
Temporary	0.0	1.0	0.0	0.0	-100.0
TOTAL FTE POSITIONS	371.5	353.5	353.5	348.5	-1.4

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of new employer status determinations that will be completed within ninety days of the quarter ending date				70%	70%
* Output	Percent of eligible unemployment insurance claims that will be issued a determination within twenty-one days from the date of claim				87%	87%
* Outcome	Percent of adults receiving workforce development services who have entered employment within one quarter of leaving job training services				83%	83%
* Outcome	Percent of dislocated workers receiving workforce development services who have entered employment within one quarter of leaving the program				86%	86%
* Output	Percent of adult Workforce Investment Act participants employed in the third quarter following the exit quarter				72%	72%
Outcome	Average earnings of adult Workforce Investment Act participants employed in the third quarter following the exit quarter				\$9,000	\$9,000
* Output	Percent of Workforce Investment Act dislocated worker participants employed in the third quarter following the exit quarter				75%	75%
Outcome	Average earnings of Workforce Investment Act dislocated worker participants employed in the third quarter following the exit quarter				\$11,400	\$11,400

BUSINESS SERVICES DIVISION

The purpose of the business services division is to provide standardized business solution strategies and labor market information through New Mexico public workforce system that is responsive to the needs of New Mexico businesses.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	0.0	364.3	398.3	381.2	4.6
Federal Revenues	2,249.2	2,659.9	3,579.6	3,150.7	18.5
SOURCES TOTAL	2,249.2	3,024.2	3,977.9	3,531.9	16.8
USES					
Personal Services and Employee Benefits	1,397.7	1,636.4	2,324.0	2,079.8	27.1
Contractual Services	453.2	89.3	341.6	321.6	260.1
Other	398.3	1,298.5	1,312.3	1,130.5	-12.9
TOTAL USES	2,249.2	3,024.2	3,977.9	3,531.9	16.8
FTE					
Permanent	39.0	39.0	39.0	39.0	0.0
TOTAL FTE POSITIONS	39.0	39.0	39.0	39.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of employers sampled reporting customer satisfaction				84%	84%
Output	Number of days for the state to publish seasonally adjusted business employment dynamics data provided by the bureau of labor statistics on receipt from the bureau of labor statistics				30	30
* Output	Number of personal contacts made by field office personnel with New Mexico businesses to inform them of available services or provide actual services				20,000	20,000

LABOR RELATIONS DIVISION

The purpose of the labor relations division is to provide employment rights information and other work-site-based assistance to employers and employees.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	1,125.6	1,227.6	2,154.1	1,363.5	11.1
Other Transfers	1,274.4	1,616.2	698.0	1,394.5	-13.7
Federal Revenues	12.6	261.0	230.0	250.0	-4.2
SOURCES TOTAL	2,412.6	3,104.8	3,082.1	3,008.0	-3.1
USES					
Personal Services and Employee Benefits	1,641.4	2,059.3	2,122.0	2,122.0	3.0
Contractual Services	8.5	109.6	109.6	99.6	-9.1
Other	762.7	935.9	850.5	786.4	-16.0
TOTAL USES	2,412.6	3,104.8	3,082.1	3,008.0	-3.1
FTE					
Permanent	41.0	43.0	43.0	43.0	0.0
TOTAL FTE POSITIONS	41.0	43.0	43.0	43.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Number of backlogged human rights commission hearings pending each quarter				<5	<5
* Outcome	Percent of wage claims investigated and resolved within one hundred twenty days				95%	95%
* Output	Number of targeted public works inspections completed				1,775	1,775

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, direction and administrative support to each agency program to achieve organizational goals and objectives.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	769.1	1,157.3	2,118.3	1,566.3	35.3
Other Transfers	891.1	882.8	1,644.8	1,722.4	95.1
Federal Revenues	26,375.5	28,988.6	22,255.7	22,697.0	-21.7
SOURCES TOTAL	28,035.7	31,028.7	26,018.8	25,985.7	-16.3
USES					
Personal Services and Employee Benefits	5,765.3	5,642.0	6,020.7	6,020.7	6.7
Contractual Services	762.7	613.1	642.6	610.6	-0.4
Other	21,507.7	24,766.6	19,355.5	19,354.4	-21.9
Other Financing Uses	0.0	7.0	0.0	0.0	-100.0
TOTAL USES	28,035.7	31,028.7	26,018.8	25,985.7	-16.3
FTE					
Permanent	103.0	103.0	103.0	103.0	0.0
Term	1.0	1.0	1.0	1.0	0.0
TOTAL FTE POSITIONS	104.0	104.0	104.0	104.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of annual independent state audit prior-year findings resolved				100%	100%
Output	Percent completion of program and fiscal monitoring of all state and federal service providers including distribution of final report on an annual basis within thirty days of onsite visit				100%	100%

STATUTORY AUTHORITY:

The Workers' Compensation Administration (WCA) administers the Workers' Compensation Act (Sections 52-1-1 through Sections 52-1-70 and Sections 52-5-1 to 52-5-22 NMSA 1978) Occupational Disease Disablement Law (Sections 52-3-1 to 52-3-60 NMSA 1978), and Health Care Provider Law (Sections 52-4-1 through 52-4-5 NMSA 1978). WCA is responsible for monitoring the insurance industry to ensure compliance with accepted performance standards, mediating and adjudicating contested workers' compensation claims, and regulating workers' compensation self-insurance activity.

MISSION:

The mission of the Workers' Compensation Administration is to ensure the quick and efficient delivery of medical benefits and services to injured and disabled workers at a reasonable cost to employers.

BUDGET SUMMARY (dollars in thousands)						
	FY09 – 2008-2009					Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
Other Revenues	10,957.8	12,387.9	13,769.2	12,569.2	1.5	
SOURCES TOTAL	10,957.8	12,387.9	13,769.2	12,569.2	1.5	
USES						
Personal Services and Employee Benefits	7,957.7	8,850.9	10,033.6	9,007.8	1.8	
Contractual Services	256.7	450.6	521.4	452.6	0.4	
Other	2,051.9	2,394.9	3,214.2	2,417.3	0.9	
Other Financing Uses	691.5	691.5	0.0	691.5	0.0	
TOTAL USES	10,957.8	12,387.9	13,769.2	12,569.2	1.5	
FTE						
Permanent	134.0	139.0	154.0	141.0	1.4	
TOTAL FTE POSITIONS	134.0	139.0	154.0	141.0	1.4	

BUDGET ISSUES:

The agency's FY09 request of \$13.8 million was an increase of \$1.4 million, or 11.2 percent over the FY08 appropriation. Included in the request was a base increase of \$200 thousand and an expansion request of \$1.2 million.

The FY08 operating budget of \$12.4 million increased 12 percent over the FY07 operating budget. The agency received 5 new FTE in FY08, two compliance officers, two safety consultants for the Albuquerque region, and one compliance officer for the Las Cruces region to reduce the number of backlogged cases and increase the number and frequency of safety inspections. Also in FY08, the agency provided numerous employees with in-band salary increases resulting in a \$323.4 thousand increase in the personal services and employee benefits request for FY09.

WCA receives funding from quarterly fees of \$2 collected from employees, matched by an employer contribution of \$2, and a relatively new 30 cent assessment, for a combined annual total of \$17.20 per employee. The 30 cent assessment supports claims filed against employers who were noncompliant with the law requiring workers' compensation insurance. Should fees fall short of supporting the agency's budget, accumulated fund balances have been used to support agency expenditures. WCA projects a drop of 26.2 percent in the fund balance during FY08. WCA projects it will spend all of the FY08 operating budget, submit a budget adjustment request (BAR) to increase expenditures 5 percent (in part due to the in-band salary increases) and requested a special appropriation of \$700 thousand to study medical cost claims, access to care, and cost drivers in comparison with other systems of care in and outside of New Mexico. WCA projects the fund balance to be \$6.3 million at the end of FY09, down from \$11 million in FY03.

The committee recommends an increase of \$181.3 thousand, or 1.5 percent, for FY09. The recommendation reflects a concern for the projected decrease in fund balances. Although the agency's budget request did not include vacancy savings for the personal services and employee benefits category, the committee recommends a vacancy rate of 3 percent, below the historic rate of 7.5 percent.

The New Mexico Department of Labor, recently consolidated into the New Mexico Department of Workforce Solutions (NMDWS), has received funding from the workers' compensation fund since FY05 to replace decreasing federal funds. The committee recommends the transfer of funds continue in FY09.

BASE EXPANSION:

For FY09, WCA requested \$1.2 million to fund three expansion requests. The first request seeks to add two new field offices, each with a staff of five employees, in Bernalillo and the southern metropolitan area of Albuquerque. The second request is to augment existing field offices with a safety consultant in Las Cruces, a compliance officer in Lovington, and a mediator in Roswell. Finally, the agency is requesting a new position to serve as a records manager to the WCA office of clerk to the court.

Given the sudden drop in workers' compensation fund balances, the committee is not recommending opening new field offices, or adding additional staff in the Bernalillo and Albuquerque area, or adding the records manager position. The agency received two compliance and two safety officers for the Albuquerque area in FY08.

According to the New Mexico Labor Market Review, Las Cruces's rate of job growth is above average for the state. As mandated by statute, each business must have an annual safety inspection. Currently, only one safety consultant is assigned to the Las Cruces field office and more than 1,000 employers require an inspection. To reduce the caseload to a more manageable level and possibly reduce the number of workplace accidents, the committee supports the agency's request for a new safety consultant for the Las Cruces field office.

The agency added a new exempt WCA judge in FY08 and incorporated the position into the base request. The committee recommends the position; however, considers the item to be an expansion and has extracted it from the base. In 2003 there were seven workers' compensation judges but by the end of 2005 the number had been reduced to three. With only three judges, the caseload was impacting the ability to adhere to statutory timelines. Under Section 52-5-7, NMSA 1978, hearings have to be held within 60 days of the filing of an answer to a claim and a decision is to be rendered within 30 days following the hearing.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Field office expansions	(WCA)	915.0	0.0
2	Field office augmentation	(WCA)	214.3	58.2
3	Clerk of the court expansion	(WCA)	51.6	0.0
4	Workers' compensation judge	(WCA)	0.0	141.7
TOTAL			1,180.9	199.9

WORKERS' COMPENSATION ADMINISTRATION

The purpose of the workers' compensation administration program is to arbitrate and administer the workers' compensation system to maintain a balance between workers' prompt receipt of statutory benefits and reasonable costs for employers.

**BUDGET SUMMARY
(dollars in thousands)**

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Other Revenues	10,182.1	11,218.8	12,600.1	11,400.1	1.6
SOURCES TOTAL	10,182.1	11,218.8	12,600.1	11,400.1	1.6
USES					
Personal Services and Employee Benefits	7,957.7	8,850.9	10,033.6	9,007.8	1.8
Contractual Services	226.3	350.6	421.4	352.6	0.6
Other	1,306.6	1,325.8	2,145.1	1,348.2	1.7
Other Financing Uses	691.5	691.5	0.0	691.5	0.0
TOTAL USES	10,182.1	11,218.8	12,600.1	11,400.1	1.6
FTE					
Permanent	134.0	139.0	154.0	141.0	1.4
TOTAL FTE POSITIONS	134.0	139.0	154.0	141.0	1.4

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of formal claims resolved without trial	88 %	85 %	90%	85%	90%
* Output	Number of first reports of injury processed	40,556	40,000	41,500	40,000	40,500
Outcome	Number of employers who have received education or outreach from the workers' compensation administration	TBD		13,500		13,500
Outcome	Percent of past due fees collected	TBD		80%		80%
* Output	Number of reviews of employers to ensure the employer has workers' compensation insurance	4,435	3,452	5,000	5,100	5,100
Output	Number of employers who had a workplace safety visit or consultation	TBD		6,500		6,500
Output	Number of serious injuries and illnesses caused by workplace conditions	TBD		4,850	5,000	5,000

UNINSURED EMPLOYERS' FUND

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009 Agency Request</u>	<u>LFC Recommendation</u>	<u>Percent Incr (Decr)</u>
SOURCES					
Other Revenues	775.7	1,169.1	1,169.1	1,169.1	0.0
SOURCES TOTAL	775.7	1,169.1	1,169.1	1,169.1	0.0
USES					
Contractual Services	30.4	100.0	100.0	100.0	0.0
Other	745.3	1,069.1	1,069.1	1,069.1	0.0
TOTAL USES	775.7	1,169.1	1,169.1	1,169.1	0.0
FTE					
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	

STATUTORY AUTHORITY:

The Division of Vocational Rehabilitation (DVR) is governed by the statutory guidelines outlined in Sections 22-14-1 to 22-14-30 NMSA 1978. DVR is a division within the Public Education Department. The statute requires DVR to provide vocational education to disabled individuals. Vocational education services include guidance and counseling, vocational instruction, training for vocational education instructors, transportation, and training material and equipment.

MISSION:

The DVR strategic plan defines as its mission to encourage and assist the efforts of New Mexicans with disabilities to reach their goals for working and living in their communities.

BUDGET SUMMARY (dollars in thousands)					
	FY09 – 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	5,927.6	6,126.5	6,287.2	6,283.8	2.6
Other Transfers	1,480.3	1,009.4	1,282.8	1,282.8	27.1
Federal Revenues	33,553.6	38,739.3	37,962.3	37,297.0	-3.7
Other Revenues	220.3	279.1	275.0	275.0	-1.5
Fund Balance	41.1	53.0	53.0	0.0	-100.0
SOURCES TOTAL	41,222.9	46,207.3	45,860.3	45,138.6	-2.3
USES					
Personal Services and Employee Benefits	18,328.8	20,168.3	19,607.8	19,132.9	-5.1
Contractual Services	764.8	1,229.7	1,018.7	987.7	-19.7
Other	20,366.3	24,806.9	25,233.8	25,018.0	0.9
Other Financing Uses	0.0	2.4	0.0	0.0	-100.0
TOTAL USES	39,459.9	46,207.3	45,860.3	45,138.6	-2.3
FTE					
Permanent	283.0	287.0	287.0	287.0	0.0
Term	44.0	26.0	26.0	26.0	0.0
TOTAL FTE POSITIONS	327.0	313.0	313.0	313.0	0.0

BUDGET ISSUES:

The general fund recommendation of \$6.3 million for the division is an increase of \$157.3 thousand, or 2.6 percent. In addition, \$275 thousand is transferred from the Commission for the Deaf and Hard-of-Hearing to augment vocational training for hearing disabled individuals. These funds qualify as state matching funds. Total Rehabilitation Services revenue of \$31.5 million includes \$25 million of federal funds at various matching rates. The basic support federal grant is at the favorable mix of 78.7 percent federal funds to 21.3 percent general fund monies. The total amount of funds in the Rehabilitation Services Program available for matching is \$5.2 million, enough to receive the maximum federal funds allotment for New Mexico. A vacancy rate of 3 percent was applied, even though the actual rate was 5.6 percent, in recognition that basic services must be available at all times through temporary employees if necessary.

The Independent Living Services Program was separated from Rehabilitation Services in FY07. Currently, Independent Living is operated solely by private contractors. The Independent Living Services Program receives 22 percent of the entire DVR general fund appropriation, \$1.4 million, and it is not eligible for matching federal funds. Again the committee notes performance measures related to Independent Living should be more meaningful and target quality of life issues rather than only outputs.

The Disability Determination Services program is 100 percent federally funded and provides eligibility services for Social Security disability benefits.

BASE EXPANSION:

The committee recommends an expansion of \$75 thousand from the general fund to support additional independent living services on Native American lands.

RECOMMENDED LANGUAGE:

The internal services funds/interagency agency transfers appropriation to the rehabilitation services program of the division of vocational rehabilitation in the other category includes two hundred seventy-five thousand dollars (\$275,000) to match with

federal funds to support and enhance deaf and hard-of-hearing rehabilitation services.

Any unexpended balance in the division of vocational rehabilitation remaining at the end of fiscal year 2009 from appropriations made from the general fund shall not revert.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	<u>Native American independent living</u>	<u>(INDP LIVING)</u>	<u>75.0</u>
TOTAL		0.0	75.0

REHABILITATION SERVICES

The purpose of the rehabilitation services program is to promote opportunities for people with disabilities to become more independent and productive by empowering individuals with disabilities so they may maximize their employment, economic self-sufficiency, independence and inclusion and integration into society.

**BUDGET SUMMARY
(dollars in thousands)**

	FY09 - 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	4,718.9	4,825.3	4,986.0	4,907.6	1.7
Other Transfers	1,480.3	1,009.4	1,282.8	1,282.8	27.1
Federal Revenues	22,971.5	26,122.1	25,704.7	25,039.4	-4.1
Other Revenues	220.3	279.1	275.0	275.0	-1.5
Fund Balance	41.1	53.0	53.0	0.0	-100.0
SOURCES TOTAL	29,432.1	32,288.9	32,301.5	31,504.8	-2.4
USES					
Personal Services and Employee Benefits	13,031.4	13,873.5	13,514.7	13,039.8	-6.0
Contractual Services	494.5	838.6	761.0	730.0	-13.0
Other	14,262.4	17,574.4	18,025.8	17,735.0	0.9
Other Financing Uses	0.0	2.4	0.0	0.0	-100.0
TOTAL USES	27,788.3	32,288.9	32,301.5	31,504.8	-2.4
FTE					
Permanent	186.0	190.0	190.0	190.0	0.0
Term	44.0	26.0	26.0	26.0	0.0
TOTAL FTE POSITIONS	230.0	216.0	216.0	216.0	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Number of persons achieving suitable employment for a minimum of ninety days	1,871	1,833	1,750	1,750	1,850
* Outcome	Percent of persons achieving suitable employment outcomes of all cases closed after receiving planned services	62%	61.3%	65%	60%	67%
* Outcome	Percent of persons achieving suitable employment outcomes competitively employed or self-employed	97%	97.8%	95%	95%	98%
* Outcome	Percent of persons with significant disabilities achieving suitable employment outcomes who are competitively employed or self-employed, earning at least minimum wage	94%	96%	95%	95%	95%

INDEPENDENT LIVING SERVICES

The purpose of the independent living services program is to increase access for individuals with disabilities to technologies and services needed for various applications in learning, working and home management.

		BUDGET SUMMARY (dollars in thousands)				
				FY09 - 2008-2009		
		FY07	FY08	Agency	LFC	Percent
		2006-2007	2007-2008	Request	Recommendation	Incr
		Actuals	Budgeted			(Decr)
SOURCES						
	General Fund Transfers	1,208.7	1,301.2	1,301.2	1,376.2	5.8
	Federal Revenues	259.8	250.0	250.0	250.0	0.0
	SOURCES TOTAL	1,468.5	1,551.2	1,551.2	1,626.2	4.8
USES						
	Other	1,349.3	1,551.2	1,551.2	1,626.2	4.8
	TOTAL USES	1,349.3	1,551.2	1,551.2	1,626.2	4.8
FTE						
	TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***

PERFORMANCE MEASURES

		FY06	FY07	FY08	FY09	FY09
		Actual	Actual	Budget	Request	Recomm
*	Output	Number of independent living plans developed	365	488	450	500
*	Output	Number of individuals served for independent living	564	806	650	750

DISABILITY DETERMINATION

The purpose of the disability determination program is to produce accurate and timely eligibility determinations to social security disability applicants so that they may receive benefits.

		BUDGET SUMMARY (dollars in thousands)				
				FY09 - 2008-2009		
		FY07	FY08	Agency	LFC	Percent
		2006-2007	2007-2008	Request	Recommendation	Incr
		Actuals	Budgeted			(Decr)
SOURCES						
	Federal Revenues	10,322.3	12,367.2	12,007.6	12,007.6	-2.9
	SOURCES TOTAL	10,322.3	12,367.2	12,007.6	12,007.6	-2.9
USES						
	Personal Services and Employee Benefits	5,297.4	6,294.8	6,093.1	6,093.1	-3.2
	Contractual Services	270.3	391.1	257.7	257.7	-34.1
	Other	4,754.6	5,681.3	5,656.8	5,656.8	-0.4
	TOTAL USES	10,322.3	12,367.2	12,007.6	12,007.6	-2.9
FTE						
	Permanent	97.0	97.0	97.0	97.0	0.0
	TOTAL FTE POSITIONS	97.0	97.0	97.0	97.0	0.0

PERFORMANCE MEASURES

		FY06	FY07	FY08	FY09	FY09
		Actual	Actual	Budget	Request	Recomm
*	Efficiency	Number of days for completing an initial disability claim	74.9	79.4	75	80
*	Quality	Percent of disability determinations completed accurately	96%	95.1%	98.5%	98.5%

STATUTORY AUTHORITY:

Sections 28-10-1 through 28-10-8 NMSA 1978 created the Governor's Commission on Disability. The commission consists of 15 members: nine members appointed by the governor and the secretaries of the departments of Human Services, Aging and Long-Term Services, Labor and Children, Youth and Families, director of the Division of Vocational Rehabilitation of the Public Education Department, and the director of Behavioral Health Services Division of the Department of Health.

MISSION:

The mission of the Governor's Commission on Disability is to work to increase the quality of life of all New Mexicans with disabilities and remove barriers to full participation in their communities.

		BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		
		FY07 2006-2007	FY08 2007-2008	Agency Request	LFC Recommendation	Percent Incr (Decr)
		Actuals	Budgeted			
SOURCES						
	General Fund Transfers	729.7	856.6	1,025.7	898.3	4.9
	SOURCES TOTAL	729.7	856.6	1,025.7	898.3	4.9
USES						
	Personal Services and Employee Benefits	512.3	615.6	738.8	635.4	3.2
	Contractual Services	82.6	49.0	49.0	49.0	0.0
	Other	87.7	192.0	237.9	213.9	11.4
	TOTAL USES	682.6	856.6	1,025.7	898.3	4.9
FTE						
	Permanent	9.0	9.0	10.0	9.0	0.0
	TOTAL FTE POSITIONS	9.0	9.0	10.0	9.0	0.0

BUDGET ISSUES:

The committee recommends a base increase of \$16.7 thousand, an increase of 1.9 percent over FY08.

In FY07, the commission received an additional position to advise the State Personnel Office on the hiring of persons with disabilities. The position is currently filled but not performing the intended function. A performance measure should be implemented to track the increase in the number of persons with disabilities hired to work in state government. If the position does not focus on disability employment issues, and no performance measures are added for disability employment, the position should be deleted.

BASE EXPANSION:

For FY09, the agency requested a \$117 thousand general fund increase to support an adaptive driving program for persons with disabilities. In FY08, the commission received a total of \$123.8 thousand in support of the program: \$25 thousand appropriated in Laws 2007, Chapter 21 (Senate Bill 611), \$50 thousand from the Division of Vocational Rehabilitation (DVR), \$48.8 thousand in capital outlay for the purchase of a van in Laws 2007, Chapter 2. The agency also anticipates the Department of Transportation will be donating a van.

Though the FY08 special appropriation was booked as nonrecurring by the Department of Finance and Administration, the committee recommends continuation of the program and \$25 thousand in FY09. In addition, the committee recommends that other disability-related agencies, such as DVR, continue to contribute funds in FY09.

BASE EXPANSION LISTING
FY09 - 2008-2009

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	<u>Adaptive driving program</u>	<u>(COMMISSION)</u>	<u>117.0</u>	<u>25.0</u>
TOTAL			117.0	25.0

INFORMATION AND ADVOCACY

The purpose of the information and advocacy program is to provide needed information on disability case law analysis, building code comparisons, awareness of technologies, dispelling of stereotypes, training on the legislative process and population estimates to New Mexico individuals with disabilities and decision-makers, so they can improve the economic, health and social status of New Mexico individuals with disabilities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Output	Number of persons seeking technical assistance on disability issues	4,400	3756	5,000		
Output	Number of architectural plans reviewed and sites inspected	428	86	230		
* Output	Number of meetings held to develop collaborative partnerships with other state agencies and private disability agencies to ensure that quality of life issues for New Mexicans with disabilities are being addressed	36	244	48	60	60
* Outcome	Number of presentations and events in which agency participates and contributes				24	24

STATUTORY AUTHORITY:

The Developmental Disabilities Planning Council (DDPC) was created to comply with the federal Developmental Disabilities Assistance and Bill of Rights Act and functions as a statewide planning and advocacy agency for people with developmental disabilities (Section 28-16A NMSA 1978). The council is composed of no fewer than 18 members, at least half with developmental disabilities or their parents, immediate relatives, or legal guardians. DDPC also staffs the 18-member Brain Injury Advisory Council, which makes recommendations concerning case management, community support systems, long-term care, employment, emergency medical services, rehabilitation and prevention, and coordination of state services for people with brain injuries (Section 24-20-3 NMSA 1978). Laws 2003, Chapter 280, transferred the Office of Guardianship from the Attorney General to DDPC, and the agency is responsible for providing guardianship services to individuals assigned by the judiciary as being unable to manage their financial affairs (Section 45-5-310 NMSA 1978).

MISSION:

The New Mexico Developmental Disabilities Planning Council will engage in advocacy, capacity building, and systemic change activities to contribute to a culturally competent and coordinated system of community services, individualized supports, and other forms of assistance that are individual- and family-centered and directed, and to enable individuals with disabilities to exercise self-determination, be independent, productive and integrated, and included in all facets of community life.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,269.7	3,801.1	5,892.8	4,236.2	11.4
Other Transfers	54.1	50.0	50.0	50.0	0.0
Federal Revenues	527.5	515.9	510.5	510.5	-1.0
SOURCES TOTAL	3,851.3	4,367.0	6,453.3	4,796.7	9.8
USES					
Personal Services and Employee Benefits	755.5	884.2	1,338.7	1,028.3	16.3
Contractual Services	2,246.0	2,806.8	4,362.3	3,086.5	10.0
Other	520.9	676.0	752.3	681.9	0.9
TOTAL USES	3,522.4	4,367.0	6,453.3	4,796.7	9.8
FTE					
Permanent	15.0	15.0	20.0	15.0	0.0
Term	1.0	0.0	1.0	1.0	***
TOTAL FTE POSITIONS	16.0	15.0	21.0	16.0	6.7

BUDGET ISSUES:

The DDPC budget request was \$6.5 million, a \$2.1 million, or 47 percent increase over the FY08 operating budget of \$4.4 million. The majority of the requested increase, \$1.67 million, was to address projected growth in the guardianship program. DDPC also submitted a supplemental funding request of \$210 thousand for guardianship-related legal services.

The waiting list for guardianship-related legal services grew from 222 at the end of FY06 to 323 at end of FY07. In addition to growth in elderly and special-needs populations, the jump in caseload is being driven by parents, following the advice of schools, seeking guardianship-related legal services for their over-18 special education children. DDPC hopes demand will slow with the recent implementation a requirement that the families of those receiving services earn less than 300 percent of the federal poverty level. DDPC is also trying to work with the Public Education Department on less expensive means for allowing parent input into special education student education without resorting to guardianship. The committee encourages DDPC to consider further lowering income eligibility for legal services if it will slow down growth of the waiting list.

On September 30, 2007, 521 wards of the state were under corporate guardianship, well below DDPC projections of more than 600. A major problem appears to be the inability of DDPC to obtain timely legal services to move guardianship cases through the legal system. Barring a major change, DDPC will be hard-pressed to add 157 wards during the last three quarters of this year to reach its October 2007 projection of 678 wards under corporate guardianship by the end of FY08.

The legal services waiting list numbered 390 on September 30, 2007. DDPC projects another 272 individuals during the year will request legal services, for a total of 662. Assuming DDPC can provide legal services to 262 individuals in FY08, the waiting list on June 30, 2007, should number about 400.

The estimate of clients who will receive corporate guardianship after receiving legal services and projections of state wards coming from other state agencies are important factors driving the projected growth in corporate guardian slots. FY08 contractual services base funding will fund legal services for 262 clients on the waiting list and will fund 615 guardianship slots. At this point, absent a large growth in the number of wards in the last three quarters of FY08, it appears FY08 base funding is adequate to cover the guardianship slots needed for state wards. DDPC also received \$250 thousand in special funding during the 2007 legislative session that it can use in FY08 to fund guardianship slots or legal services.

BASE EXPANSION:

DDPC requested \$1.67 million to meet projected growth in the guardianship program. The request comprised \$777 thousand to provide 213 additional corporate guardianship slots, \$210 thousand to provide legal services for 200 individuals, \$185 thousand for ongoing evaluations of corporate guardians to determine if the individual needs a less restrictive alternative to guardianship, and \$153.3 thousand to provide increased funding for more difficult guardianship cases.

Also included in the expansion request was \$111.3 thousand for personal services and employee benefits and other costs for 2 FTE to support guardianship program training needs and \$200 thousand to develop a web-based training curriculum. These requests were in support of findings in House Joint Memorial 34 that training is greatly needed for guardians.

For the Developmental Disability Planning Council program, the agency requested \$172 thousand expansion funding for two positions. The first position would be a lawyer who would serve as the agency's general counsel. This would free up the current staff lawyer to focus strictly on representing the agency on guardianship matters. The second position would be an information technology specialist who would manage agency IT services. Currently, DDPC uses contract support for this function. The agency also requested \$60.1 thousand for a project assistant in the Center for Self Advocacy to back up the center manger.

The agency base request for funding was \$4.5 million, which represented a 4.1 percent increase. The majority of the base increase was due to increases in salaries, General Services Department rates, and rent. The agency also increased term FTE in the base request by one position and \$55 thousand in federal funds for a position already filled. As this position had not been requested for FY08, LFC considers this an expansion item for FY09.

The committee recommendation for the agency is \$4.79 million, which represents a 11.4 percent increase in general fund support over FY08. The base request is fully funded as is the expansion request for the federally funded term position. The recommendation also includes \$250 thousand in expansion funding for the guardianship program. Combined with base funding, this should fund approximately 683 guardianship slots for FY09.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
*	Planning council term FTE (federal funds)	(DDPC)	0.0	55.0
1	Office of guardianship expansion	(GUARDIANSHIP)	1,674.5	250.0
2	DDPC attorney and IT generalist	(DDPC)	172.0	0.0
3	Consumer services FTE expansion	(CONSUMER)	60.1	0.0
TOTAL			1,906.6	305.0

*The department included this item in the base request. LFC considers the item to be an expansion and has extracted the item from the base.

CONSUMER SERVICES PROGRAM

The purpose of the consumer services program is to provide training, information and referral for individuals with disabilities and their family members so they can live more independent and self-directed lives.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	236.4	237.8	312.8	252.7	6.3
Other Transfers	54.1	50.0	50.0	50.0	0.0
SOURCES TOTAL	290.5	287.8	362.8	302.7	5.2
USES					
Personal Services and Employee Benefits	57.0	68.4	131.8	82.8	21.1
Contractual Services	2.8	5.0	4.4	4.4	-12.0
Other	203.6	214.4	226.6	215.5	0.5
TOTAL USES	263.4	287.8	362.8	302.7	5.2
FTE					
Permanent	2.0	2.0	3.0	2.0	0.0
TOTAL FTE POSITIONS	2.0	2.0	3.0	2.0	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent of participants satisfied with trainings and delivery of services, as evidenced by satisfactory survey ratings	90%	93%	85%	85%	90%
Outcome	Percent of participant knowledge gained through education or training on self-advocacy and disability-related issues as evidenced by training tests	80%	85%	80%	80%	80%
* Output	Number of client contacts to assist on health, housing, transportation, education, child care, medicaid services and other programs	3,498	3,642	3,500	3,500	3,500
Output	Number of individuals trained on self-advocacy and disability-related issues	100	150	75	75	100
Output	Number of trainings conducted annually on self-advocacy and disability-related issues	8	12	6	6	8

DEVELOPMENTAL DISABILITIES PLANNING COUNCIL

The purpose of the developmental disabilities planning council program is to provide and produce opportunities to and for persons with disabilities so they may realize their dreams and potential and become integrated members of society.

BUDGET SUMMARY
(dollars in thousands)

		FY09 - 2008-2009				Percent Incr (Decr)
		FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES						
	General Fund Transfers	354.8	411.3	688.5	516.5	25.6
	Federal Revenues	527.5	515.9	510.5	510.5	-1.0
	SOURCES TOTAL	882.3	927.2	1,199.0	1,027.0	10.8
USES						
	Personal Services and Employee Benefits	444.8	436.2	672.6	522.5	19.8
	Contractual Services	150.9	162.2	165.2	165.2	1.8
	Other	229.7	328.8	361.2	339.3	3.2
	TOTAL USES	825.4	927.2	1,199.0	1,027.0	10.8
FTE						
	Permanent	6.5	6.5	8.5	6.5	0.0
	Term	1.0	0.0	1.0	1.0	***
	TOTAL FTE POSITIONS	7.5	6.5	9.5	7.5	15.4

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent of reports in compliance with state and federal regulations in initial submission	90%	93%			
Output	Number of project, programmatic and financial reports reviewed to assure compliance with state and federal regulations	54	78	44	44	50
* Output	Number of monitoring site visits conducted	44	41	36	36	40
* Output	Number of persons with developmental disabilities, their family members or guardians and others involved in services for persons with developmental disabilities served by the agency in the federally mandated areas	5,456	5,323	2,500	2,500	5,000

BRAIN INJURY ADVISORY COUNCIL

The purpose of the brain injury advisory council program is to provide guidance on the utilization and implementation of programs provided through the aging and long-term services department's brain injury services fund so they may align service delivery with the needs as identified by the brain injury community.

		BUDGET SUMMARY (dollars in thousands)				
				<u>FY09 - 2008-2009</u>		
		<u>FY07</u> 2006-2007 <u>Actuals</u>	<u>FY08</u> 2007-2008 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES	General Fund Transfers	133.3	132.8	132.2	132.2	-0.5
	SOURCES TOTAL	133.3	132.8	132.2	132.2	-0.5
USES	Personal Services and Employee Benefits	58.3	60.9	61.9	61.9	1.6
	Contractual Services	17.0	27.6	27.2	27.2	-1.4
	Other	30.1	44.3	43.1	43.1	-2.7
	TOTAL USES	105.4	132.8	132.2	132.2	-0.5
FTE	Permanent	1.0	1.0	1.0	1.0	0.0
	TOTAL FTE POSITIONS	1.0	1.0	1.0	1.0	0.0

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
Outcome	Percent of participant knowledge gained through education or training on traumatic brain injury issues as evidenced by training tests	94%	94%	85%	85%	85%

OFFICE OF GUARDIANSHIP

The purpose of the office of guardianship program is to enter into, monitor and enforce guardianship contracts for income-eligible persons and file, investigate and resolve complaints about guardianship services provided by contractors in order to maintain the dignity, safety and security of the indigent and incapacitated adults of the state.

		BUDGET SUMMARY (dollars in thousands)				
				<u>FY09 - 2008-2009</u>		
		<u>FY07</u> 2006-2007 <u>Actuals</u>	<u>FY08</u> 2007-2008 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>	<u>Percent</u> <u>Incr</u> <u>(Decr)</u>
SOURCES	General Fund Transfers	2,545.2	3,019.2	4,759.3	3,334.8	10.5
	SOURCES TOTAL	2,545.2	3,019.2	4,759.3	3,334.8	10.5
USES	Personal Services and Employee Benefits	195.4	318.7	472.4	361.1	13.3
	Contractual Services	2,075.3	2,612.0	4,165.5	2,889.7	10.6
	Other	57.5	88.5	121.4	84.0	-5.1
	TOTAL USES	2,328.2	3,019.2	4,759.3	3,334.8	10.5
FTE	Permanent	5.5	5.5	7.5	5.5	0.0
	TOTAL FTE POSITIONS	5.5	5.5	7.5	5.5	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Quality	Percent of wards provided with legal assistance satisfied with services, as evidenced by an annual satisfaction survey	76%	100%	80%	80%	90%
* Outcome	Percent of wards properly served with the least restrictive means, as evidenced by an annual technical compliance audit	78%	90%	80%	80%	80%
* Output	Number of wards served by corporate guardianship program		521	632		642
Quality	Percent of wards properly served by professional guardianship providers satisfied with services, as evidenced by an annual satisfaction survey	72%	N/A	80%	80%	80%

STATUTORY AUTHORITY:

The Miners' Hospital of New Mexico was created as a state institution by Article XIV, Section 1, of the New Mexico Constitution and its purpose, powers, and duties are detailed in Sections 23-3-1 through 23-3-3 NMSA 1978. The hospital, licensed for 33 acute-care beds, 49 long-term care beds, an emergency room, and an intensive care unit, is required to provide health care to New Mexico resident miners who may become sick, injured, or disabled as a result of their occupation. In addition, it provides services on a reimbursement basis to residents of northeastern New Mexico. As the population of miners has declined, the regional service has gained importance.

MISSION:

The mission of the Miners' Colfax Medical Center, an agency of the state of New Mexico, is to be the leader in health care, providing quality acute care, long-term care, and related services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent Incr (Decr)
2006-2007	2007-2008	Agency Request	LFC Recommendation		
	Actuals	Budgeted			
SOURCES					
Other Transfers	11,675.4	11,139.6	11,725.4	11,180.8	0.4
Federal Revenues	259.7	375.8	255.2	255.2	-32.1
Other Revenues	14,635.4	16,172.7	16,824.8	16,824.8	4.0
SOURCES TOTAL	26,570.5	27,688.1	28,805.4	28,260.8	2.1
USES					
Personal Services and Employee Benefits	11,393.6	12,254.1	12,466.1	12,466.1	1.7
Contractual Services	3,241.4	3,783.6	3,780.4	3,780.4	-0.1
Other	5,358.2	6,549.9	6,423.9	6,423.9	-1.9
Other Financing Uses	5,544.1	5,100.5	6,135.0	5,590.4	9.6
TOTAL USES	25,537.3	27,688.1	28,805.4	28,260.8	2.1
FTE					
Permanent	211.5	211.5	211.5	211.5	0.0
Term	13.5	13.5	13.5	13.5	0.0
TOTAL FTE POSITIONS	225.0	225.0	225.0	225.0	0.0

BUDGET ISSUES:

The agency total request of \$28.8 million represents a \$1.1 million, or 4 percent, increase over the FY08 operating budget of \$27.6 million. The agency is projecting increased patient revenues from a full-time radiologist and additional surgical coverage. Increased expenses include patient drug costs and utilities for both a new facility and the old hospital. The LFC recommendation is the agency request, less an adjustment to tie budgeted trust fund revenue to planned expenditures. The recommendation provides a 2.1 percent increase in funding.

Construction on a new 75,000-square-foot, 33-bed replacement facility for Miners' Colfax Medical Center is almost complete. The estimated cost of the hospital, including new equipment, is \$24.5 million. The transition from the new facility is expected to occur in late October 2007. Funding for the facility is a combination of \$17.3 million of New Mexico Finance Authority debt and cash balances from income received from the miners' trust fund.

Although no additional beds are being added, the new hospital is 44 percent larger than the old hospital in part to meet new hospital design standards and best operational practices. The 33 beds are broken out as follows: fifteen beds in private rooms, four labor delivery recovery and pediatric rooms, four intensive care rooms and ten beds in five semi-private rooms. In addition to the 33 beds, the new hospital will have two state-of-the-art operating rooms, two trauma rooms in the emergency room (ER), one hazardous materials decontamination room, two ER treatment rooms, and a triage room. A new lighted helicopter pad was also constructed.

The miners' trust fund is invested by the State Investment Council and had a balance of \$116.4 million on June 30, 2007. Permanent fund income distributed to the medical center in FY07 was \$6.1 million and the agency had a \$10.5 million trust fund income cash balance as of June 30, 2007. The trust fund income cash balance is projected to decline to \$7.9 million by the end of FY08 due to payment of final construction costs. Future trust fund income cash balances will be dependent on the medical center's need to tap these funds for capital needs and its ability to bring in non-trust fund revenue to support hospital and long-

term care facility operations.

A major challenge for the hospital has been recruitment and retention of key medical staff, physicians in particular. Radiologist and obstetrician/gynecologist vacancies have been filled, but total admissions to the acute care facility dropped from 1,498 in FY06 to 1,181 in FY07. The hospital currently needs to replace its surgeon, who is planning to retire in 2008.

Demand continues to be strong for slots in the 43-bed long-term care facility, with 11,588 patient days recorded in FY07, up 8 percent from FY06.

HEALTHCARE

The purpose of the healthcare program is to provide quality acute care, long-term care, and related health services to the beneficiaries of the miners' trust fund of New Mexico and the people of the region so they can maintain optimal health and quality of life.

PERFORMANCE MEASURES

		<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY09</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of billed revenue collected	80%	85%	80%	80%	80%
Outcome	Percent of budgeted revenue collected	100%	102%	100%	100%	100%
Outcome	Infection rates following treatment per 1,000 patient days	1.5%	.32%	<2.0%	<2.5%	<2.0%
Outcome	Average patient length of stay, in days, for the acute care facility	4.1	3.1	4	3	3
Outcome	Patient fall rates per 1,000 patient days	.79%	1.1%	.5%	<2.0%	.5%
* Output	Number of patient days at the long-term care facility	10,713	11,588	11,000	11,000	11,000
Output	Number of visits to the black lung clinic	91	86	120	100	110
Output	Number of discharges from the acute care facility	1,500	1,199	1,500	1,500	1,500
Output	Number of admissions to the long-term care facility	46	47	35	35	35
Output	Number of visits to the outreach clinic	360	434	450	450	450
Output	Number of outpatient visits	13,401	13,553	15,840	13,500	15,840
Output	Number of surgeries performed	680	541	750	600	750
Output	Number of outreach clinics conducted	18	17	24	18	18
* Output	Number of patient days at the acute care facility	6,134	4,416	6,900	6,300	6,900
Output	Number of admissions to the acute care facility	1,498	1,181	1,600	1,500	1,600
* Output	Number of specialty clinic visits	840	664	900	900	900
* Output	Number of emergency room visits	5,193	5,140	5,250	5,150	5,250

STATUTORY AUTHORITY:

The Department of Health (DOH) was created by Sections 9-7-1 through 9-7-15 NMSA 1978 to serve the citizens of New Mexico through programs designed to prevent disease and disability, promote health, and prevent or treat problems of mental health, substance abuse, developmental disabilities, and chronic disease. The agency licenses health and long-term care facilities and operates public health offices in all but one county, seven treatment centers, and the state scientific laboratory. The department currently has seven programs: Public Health; Epidemiology and Response; Laboratory Services; Facilities Management; Developmental Disabilities Support; Health Certification, Licensing and Oversight; and Administration. Laws 2007, Chapter 325, transferred the behavioral health services program from DOH to the Human Services Department (HSD) effective July 1, 2007.

Among the responsibilities of the department are the activities under the New Mexico Rural Primary Health Care Act and school-based health services, health surveillance and outbreak response, vital health statistics, accessible emergency medical services, pharmaceutical services, community-based services for the developmentally disabled, and licensing and oversight of hospitals, nursing homes, other healthcare facilities, and other community programs.

In addition to providing other services, the Facilities Management Program operates the Los Lunas community program, Southern New Mexico Rehabilitation Center in Roswell, Behavioral Health Institute at Las Vegas, New Mexico Veterans' Home in Truth or Consequences, Fort Bayard Medical Center outside of Silver City, and Sequoyah Adolescent Residential Treatment Facility and Turquoise Lodge for chemical dependency treatment, both in Albuquerque.

MISSION:

The mission of the New Mexico Department of Health is to promote health and sound health policy, prevent disease and disability, improve health services systems, and assure that essential public health functions and safety net services are available to New Mexicans.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent
	2006-2007	2007-2008	Agency	LFC	Incr
	Actuals	Budgeted	Request	Recommendation	(Decr)
SOURCES					
General Fund Transfers	255,345.5	286,415.5	308,390.0	299,835.5	4.7
Other Transfers	52,532.1	93,945.0	93,242.3	93,242.3	-0.7
Federal Revenues	125,464.6	105,130.5	102,956.1	102,956.1	-2.1
Other Revenues	40,023.6	74,545.2	76,022.3	76,022.3	2.0
SOURCES TOTAL	473,365.8	560,036.2	580,610.7	572,056.2	2.1
USES					
Personal Services and Employee Benefits	194,324.9	205,342.1	212,049.3	210,032.9	2.3
Contractual Services	97,131.9	139,814.0	130,563.0	125,680.7	-10.1
Other	112,169.8	131,478.4	150,016.7	148,260.9	12.8
Other Financing Uses	67,891.3	83,401.7	87,981.7	88,081.7	5.6
TOTAL USES	471,517.9	560,036.2	580,610.7	572,056.2	2.1
FTE					
Permanent	2,581.5	2,544.5	3,111.0	3,077.5	20.9
Term	1,549.0	1,517.0	1,032.5	1,032.5	-31.9
Temporary	31.0	31.0	31.0	31.0	0.0
TOTAL FTE POSITIONS	4,161.5	4,092.5	4,174.5	4,141.0	1.2

BUDGET ISSUES:

DOH's FY09 request was \$580.6 million, a \$20.5 million, or 3.6 percent increase over the FY08 operating budget of \$560 million. The request for general fund revenue was \$308.4 million, a \$21.9 million, or 7.7 percent increase over FY08.

LFC recommends total funding of \$572.1 million, which includes a 4.7 percent, or \$13.4 million increase in general fund revenue. Highlights of the LFC recommendation include \$2.75 million in additional funding for core public health functions, including tuberculosis management, childhood immunizations, breast and cervical cancer screening, and school-based health centers. An additional \$4 million is recommended to reduce the waiting list for developmental disabilities (DD) services and another \$1 million is recommended to expand the Family Infant Toddler program. An additional \$700 thousand is recommended to increase drug treatment services at Turquoise Lodge and \$1.1 million is recommended to offset the loss of federal and grant revenue for both the state scientific laboratory and the Health Certification, Licensing and Oversight Program, which oversees quality of care in

nursing homes and other facilities.

DOH requested an \$8.2 million increase in its base budget. Approximately half of the increase was for increased payroll costs, with the remaining balance mostly for other costs, including drugs, vaccines, rent, and GSD rates. As DOH is projecting relatively flat revenue from nongeneral fund sources and decreased federal funds, the general fund base increase was up by \$9.6 million, or 3.3 percent. DOH requested \$1.7 million to offset projected loss of federal funds for epidemiology (\$98.6 thousand), health facility licensure (\$877.6 thousand) and a lower Medicare match for DD staff (\$747 thousand). DOH reduced the size of the base budget increase by building in a 6 percent average vacancy rate factor, which represents approximately \$13.1 million in vacancy savings.

In the Public Health Program, the base budget request was \$205.5 million, a \$4.7 million, or 2.3 percent, increase over the FY08 operating budget of \$200.7 million. Growth in federal revenue and other transfers was projected to only be \$1.8 million, mostly composed of increases in the Women Infant and Children (WIC) food program and Medicaid funds. Included in the \$4.7 million requested base increase were two items that should more appropriately be considered expansion funding requests: \$1.1 million for tuberculosis management and \$909.8 thousand for breast and cervical cancer screening. Additional base requests included \$210 thousand to relocate the public health pharmacy, \$289 thousand for implementation of electronic medical records, and \$500 thousand for increased costs for family planning drug inflation.

The base recommendation for the Public Health Program of \$204.4 million provides a 4.1 percent increase from the general fund and includes \$750 thousand and 4 FTE to meet increased tuberculosis workload, including funding for out-of-state treatment for noncompliant patients. The recommendation also includes \$500 thousand for increased breast and cervical cancer screening for uninsured or underinsured women. Women whose cancers are detected through this program can have their cancer treatment covered by Medicaid.

The recommendation fully funds the base budget request of \$28.8 million for the Epidemiology and Response Program, which tracks infectious diseases and health statistics, trains organizations in disease control, responds to public health emergencies, and provides vital records services. The increase in base general fund is \$617 thousand, or 5.4 percent. However, total base funding is down by almost \$2 million due to reductions in federal homeland security grants related to bioterrorism and pandemic flu. The recommendation includes \$98 thousand to convert the bureau chief position for the Health Emergency Program from federal to state general fund.

The recommendation of \$12.1 million for the Scientific Laboratory provides a \$532 thousand overall increase from the general fund, or 8.3 percent. The base request included a \$1 million general fund base budget increase (including 12 FTE) to meet testing needs, as well as additional state and federal mandates. The recommendation for this item, which should be classified as an expansion, is \$500 thousand and 5 FTE. This funding and staff will help the lab meet continued growth in demand for core food safety, livestock, and infectious disease tests, as well as environmental-DWI-drug-and autopsy-related work.

The base budget request for facilities was \$155.6 million, a \$684 thousand increase over FY08. The budget submission reflected the facilities program taking over management of Los Lunas Community program from the Developmental Disabilities Support Division (DDSD) program given concerns about a lack of management oversight. Because Los Lunas has been managed as a separate facility with a separate budget, DOH believes it would be a better fit under the facilities program. This represents a shift of approximately \$17.9 million in funds and 349 FTE. The committee base recommendation for the facilities program is \$155.4 million, which includes an increase of \$964 thousand from the general fund for increased GSD rates and other costs for facilities such as food and drugs. The committee recommendation also supports an agency request to reclassify 474 term positions (mostly long-term medical staff) to permanent positions to facilitate recruitment and retention.

The new Fort Bayard hospital project, unlike most state facilities, will be financed with debt repaid by the agency as authorized by Laws 2005, Chapter 317. Groundbreaking, originally planned for fall 2006, has been delayed due to changes in site and hospital design, as well as concerns over the debt financing structure proposed by DOH and current Fort Bayard contractor GeoCare. The current cost estimate for the 135,000-square-foot, 227-bed, 9-building complex is a minimum of \$43.7 million (up from a \$30 million initial estimate). The original financing structure proposed was a DOH lease with Grant County (which would issue the debt service) with no facility purchase option. However, in response to concerns about this proposal, DOH is moving from a 25-year lease to straight ownership after DOH repays the bond debt (estimated up to \$55 million). DOH also hired a financial consultant to provide advice on dealings with Grant County and GeoCare on issuance of bonds. The operating budget impact of the debt service, likely to start in FY10 or FY11, is a minimum of \$3.5 million a year for 25 years.

DOH requested \$130.4 million in base funding for the Developmental Disabilities Support Division (DDSD). DOH requested \$2.8 million in base increases, including \$2 million to offset a reduced federal Medicaid match (FMAP) and \$747 thousand for a reduced Medicaid match for DDSD staff. At the end of FY07 there were 3,707 clients in service and 3,991 on the central

registry waiting list. An estimated 189 individuals came off the waiting list in FY07. Data shows the number of DD clients has increased by over 1,500 since 2000, but the waiting list continues to grow despite strong legislative support for DD funding. DD cost increases remain a concern. The General Appropriation Act of 2007 provided \$11.4 million in supplemental funding to DOH for DD shortfalls in FY06 and FY07. In FY09, DOH projects a per-person cost from the general fund of \$22.1 thousand, up 13 percent over FY06. This translates into a total cost of \$76 thousand per person compared with \$67.4 thousand in FY06. At an LFC hearing in July, DOH reported cost increases are attributable to decreases in the federal match for Medicaid services, increased use by DD clients within their annual resource allotments, inflation in the cost of services such as clinical care and in-home support, and increased preference of DD clients for more expensive community living arrangements. An increasing number of higher-cost clients mandated by the judicial system also may be an issue. Recognizing upward cost pressure, the base recommendation of \$128.9 million provides an additional \$1.4 million from the general fund to address the reduced federal match for certain DDS staff, FMAP changes, and program enhancements.

The request for the Health Certification Licensing and Oversight program was \$15.3 million, a 9.8 percent, or \$1.3 million increase over the FY08 operating budget of \$14 million. The agency requested an \$877.6 thousand general fund increase to support facility licensure surveys, offsetting projected reductions in federal funding. In the past, the state would piggy-back statutorily required annual state licensing surveys when federal Medicaid/Medicare facility surveys were being conducted. However, over time, federal funding has been reduced and in FY09 the agency projects that it will receive only enough federal funding to survey 148 of 417 certified facilities. The state will have to cover the balance of 269 facility surveys using state funding. In addition, the program needs to increase the number of inspections of the 284 licensed adult residential facilities. In FY07, the agency reported that only 38 percent of these homes received a survey.

The committee recommendation for the Health Certification Licensing and Oversight Program is \$15.1 million, which includes a 10.4 percent increase from the general fund. Included in the recommendation is \$600 thousand (reclassified as an expansion request) to offset the loss of federal revenue for inspections. With this increased funding, the agency should make a concerted effort to reduce vacant inspector positions (13 in November 2007). For the administration program, the committee recommendation of \$19.8 million essentially funds the agency request. In addition, the recommendation supports an agency request to reclassify 19 positions (predominately supported by general fund) from term to permanent status and reflects the transfer of 1 FTE and \$80 thousand from DOH to the Commission on the Status of Women for the Women's Health Advisory Council.

BASE EXPANSION:

As discussed above, DOH included some items in the base request that LFC considers to be expansion and has extracted from the base. LFC recommends \$2.3 million for these items, including \$750 thousand for tuberculosis management, \$500 thousand for increased breast and cervical cancer screening, \$500 thousand to offset the loss of grant and federal revenue for the scientific lab, and \$600 thousand to offset the loss of federal revenue and to increase inspection activities of the Health Certification Licensing and Oversight Program.

The department submitted an expansion request of \$12.3 million from the general fund for 15 items. LFC recommends \$7.4 million for these items. In the public health area, the committee recommends \$1 million for targeted childhood immunization efforts. After three years of improvement, immunization performance declined for a second straight year in FY07, with only 76.3 percent of preschoolers receiving five key vaccines, down from 78.4 percent last year and well below the performance target of 92 percent. The expansion funding will fund vaccines as well as 6 FTE to work with providers to improve immunization rates, in part by improving use of the state immunization records database. The committee is recommending \$500 thousand to support expansion of operational hours and services at the original 25 school-based health centers (SBHCs). The original 25 centers have been under funded, in part due to a governor veto in 2005 that directed new funding only to new SBHCs. The 65 school-based health centers located across the state provide medical and behavioral health services to kids (and in some locations, adults), often in medically undeserved areas.

In epidemiology, the committee recommends \$240 thousand for 3 FTE and supplies to bolster the core state capacity to investigate and manage infectious diseases, including vaccine-preventable diseases (such as whooping cough), hepatitis C, West Nile virus and other emerging illnesses. Federal funding in this area has lagged in recent years, with the agency reporting the emerging infections federal grant decreasing from \$917 thousand to \$577 thousand in FY07. In the facilities area, the committee recommends \$700 thousand and 12 FTE (mostly nurses and clinical staff) to increase medically managed detoxification services at Turquoise Lodge in Albuquerque. Currently the facility is licensed for 34 beds but has only been able to staff 70 percent of capacity.

Despite concerns about financial management of the DD program, the committee recommends \$4 million to reduce the DD waiting list by approximately 160 clients. It should be noted this amount is in addition to the \$5 million appropriated in FY08 to

reduce the waiting list. The department is strongly encouraged to demonstrate progress in adding clients to the DD waiver program. An additional \$1 million is recommended for the Family Infant Toddler Program, which offers aggressive therapy for toddlers with developmental issues. The expansion funding should increase the number of toddlers provided with services (estimated at 12,298 in FY08) by about 1,000.

RECOMMENDED LANGUAGE:

The general fund appropriation to the public health program of the department of health in the contractual services category includes two million eight hundred twenty-two thousand seven hundred eight dollars (\$2,822,708) for contracts related to the County Maternal and Child Health Plan Act and one million six hundred thousand dollars (\$1,600,000) for the hepatitis C extension for community health outcomes program at the university of New Mexico.

The other state funds appropriations to the public health program of the department of health include nine million one hundred fifteen thousand dollars (\$9,115,000) from the tobacco settlement program fund for smoking cessation and prevention programs, one million dollars (\$1,000,000) from the tobacco settlement program fund for diabetes prevention and control services and four hundred seventy thousand dollars (\$470,000) from the tobacco settlement program fund for HIV/AIDS prevention, services and medicine and two hundred thousand dollars (\$200,000) for breast and cervical cancer screening.

Any unexpended balances in the public health program of the department of health in the contractual services category from appropriations made from the county-supported medicaid fund for the support of primary health care services related to the Rural Primary Health Care Act remaining at the end of fiscal year 2009 shall not revert.

The general fund appropriation to the developmental disabilities support program of the department of health in the other financing uses category includes eighty-seven million fourteen thousand nine hundred dollars (\$87,014,900) for medicaid waiver services in local communities, including one million nine hundred ninety-two thousand six hundred dollars (\$1,992,600) for medically fragile services and eighty-five million twenty-two thousand three hundred dollars (\$85,022,300) for services to the developmental disabled.

The general fund appropriation to the administration program of the department of health in the other category includes four million five hundred twenty-seven thousand two hundred dollars (\$4,527,200) to support and expand trauma services statewide.

The general fund appropriation to the department of health in the contractual services category in all programs is contingent on the department including performance measures in its outcome-based contracts to increase oversight and accountability.

BASE EXPANSION LISTING FY09 - 2008-2009

Agency Rank		(Program)	Agency Request	LFC Recommendation
*	Increase breast/cervical cancer screening	(PUBLIC HLTH)	0.0	500.0
*	Increase tuberculosis surveillance/treatment	(PUBLIC HLTH)	0.0	750.0
*	Replace lost fed revenue for inspections	(HLTH CERT)	0.0	600.0
*	Replace lost fed/grant revenue; add staff	(LAB SRVCS)	0.0	500.0
01	Border health workforce enhancement	(PUBLIC HLTH)	300.0	0.0
02	Childhood immunization marketing	(PUBLIC HLTH)	100.0	0.0
03	Targeted childhood immunization efforts	(PUBLIC HLTH)	1,500.0	1,000.0
04	Cancer clinical trials network	(PUBLIC HLTH)	350.0	0.0
05	Obesity plan implementation	(PUBLIC HLTH)	1,000.0	0.0
06	Funding parity for school-based health center	(PUBLIC HLTH)	1,349.6	500.0
07	Nurse advice line	(PUBLIC HLTH)	500.0	0.0
08	Native American health councils	(PUBLIC HLTH)	500.0	0.0
09	Emerging infection	(EPIDEMLGY)	257.3	240.0
10	DD waiver expansion	(DD SUPPORT)	2,500.0	4,000.0
11	Autism training and screening	(DD SUPPORT)	1,000.0	0.0
12	Family infant toddler	(DD SUPPORT)	1,000.0	1,000.0
13	Turquoise Lodge expand services	(FAC MGMT)	1,543.8	700.0
14	Youth violence	(EPIDEMLGY)	262.2	0.0
15	Vital records staffing	(EPIDEMLGY)	157.0	0.0
TOTAL			12,319.9	9,790.0

*The department included these items in the base request. LFC considers the items to be expansion and has extracted the items from the base.

PUBLIC HEALTH

The purpose of the public health program is to provide a coordinated system of community-based public health services focusing on disease prevention and health promotion in order to improve health status, reduce disparities and ensure timely access to quality, culturally competent health care.

		BUDGET SUMMARY (dollars in thousands)				
		FY09 - 2008-2009				
	FY07	FY08	Agency	LFC	Percent	
	2006-2007	2007-2008	Request	Recommendation	Incr	
	Actuals	Budgeted			(Decr)	
SOURCES						
General Fund Transfers	74,242.3	81,638.9	90,238.0	85,019.3		4.1
Other Transfers	4,414.2	25,088.0	25,862.1	25,862.1		3.1
Federal Revenues	91,922.8	70,852.9	71,918.3	71,918.3		1.5
Other Revenues	8,104.1	23,168.4	23,126.8	23,126.8		-0.2
SOURCES TOTAL	178,683.4	200,748.2	211,145.2	205,926.5		2.6
USES						
Personal Services and Employee Benefits	49,330.7	53,007.1	54,720.6	54,324.5		2.5
Contractual Services	44,781.6	62,962.1	69,742.6	66,095.6		5.0
Other	74,462.5	83,792.2	85,695.2	84,519.6		0.9
Other Financing Uses	779.1	986.8	986.8	986.8		0.0
TOTAL USES	169,353.9	200,748.2	211,145.2	205,926.5		2.6
FTE						
Permanent	393.5	372.5	390.5	382.5		2.7
Term	649.5	625.5	632.5	632.5		1.1
Temporary	1.0	1.0	1.0	1.0		0.0
TOTAL FTE POSITIONS	1,044.0	999.0	1,024.0	1,016.0		1.7

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>	
*	Output	Percent of preschoolers fully immunized	NA	71.6%	95%	80%	90%
*	Outcome	National ranking of New Mexico teen birth rate per one thousand females age fifteen to seventeen	50th	50th	30th	45th	40th
	Outcome	Annual teen birth rate for females ages fifteen to seventeen		34.96	34.0	33.8	33.8
	Outcome	Number of HIV/AIDS deaths in New Mexico	32	37	10		
	Outcome	Percent of women, infants and children program participants ages two to five who are not overweight	87%	88%	95%	88%	92%
	Outcome	Youth suicide rate among fifteen to nineteen year olds per one hundred thousand	15.3	25.05	3.0		
*	Outcome	Percent of adults that use tobacco	21.5%	20.1%	20.4%	19.4%	19.4%
	Outcome	National ranking of New Mexico children who are fully immunized		40th	3rd	34th	25th
	Output	Number of persons screened for hepatitis c through the public health system	3,700	11,402	12,000		
*	Output	Number of youth served at school-based health centers	19,960	18,847	20,000	19,200	20,000
	Output	Annual number of births registered at vital records for females age fifteen to seventeen	1,619	1,617	1,300	1,525	1,400
	Output	Percent of chlamydia cases treated	70%	70.2%	90%		
	Output	Unduplicated number of teens ages fifteen to seventeen receiving family planning services in agency-funded family planning clinics	12,365	6,772	7,100	7,400	7,400
	Output	Number of HIV/AIDS prevention interventions	9,660	7,767	12,000	10,000	10,000
	Output	Number of hepatitis c clients enrolled in a disease management service through the extension for community health outcomes project	263	2,585	5,000	3,250	3,500
	Output	Number of operating school-based health centers	66	65	68	68	68
	Output	Number of visits to agency-funded school-based health centers	44,098	35,409	46,000	36,000	42,000
	Output	Number of calls to the agency-funded crisis line	2,900	7,147	9,000	7,500	8,000
	Output	Number of providers utilizing the statewide immunization registry	10	227	375	350	375
	Output	Number of students receiving behavioral health services in school-based health centers	8,181	13,389	12,000		14,000
	Output	Number of partners of syphilis cases who are identified and treated	135	155	195		
	Output	Number enrolled in syringe exchange programs	9,501	11,402	16,000		
	Output	Number of new enrollees in syringe exchange programs				3,500	3,500
	Output	Percent of partners of individuals with syphilis who are identified and treated				75%	80%
	Output	Percent of partners of individuals with gonorrhea who are identified and treated				75%	80%
	Output	Number of partners of gonorrhea cases who are identified and treated	700	671	1,550		
*	Explanatory	Number of packs of cigarettes sold per New Mexican	34 packs		33.6 packs	33.3 packs	30 packs

EPIDEMIOLOGY AND RESPONSE

The purpose of the epidemiology and response program is to maintain and enhance a statewide system of population-based surveillance, vital records and health statistics, emergency medical services, bioterrorism and health emergency management and injury prevention so information on the health of New Mexicans is readily available to identify and respond to threats to the health of the public, to ensure safe environments for New Mexicans, to ensure the provision of emergency medical services and to provide vital records to the public.

BUDGET SUMMARY (dollars in thousands)					
FY09 - 2008-2009					
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	10,139.7	11,235.2	12,528.7	12,092.2	7.6
Other Transfers	732.0	797.9	701.4	701.4	-12.1
Federal Revenues	14,602.4	18,239.6	15,679.6	15,679.6	-14.0
Other Revenues	935.4	612.0	580.0	580.0	-5.2
SOURCES TOTAL	26,409.5	30,884.7	29,489.7	29,053.2	-5.9
USES					
Personal Services and Employee Benefits	11,090.1	12,194.2	13,049.5	12,840.3	5.3
Contractual Services	10,341.5	8,597.5	9,208.6	8,998.6	4.7
Other	6,090.5	10,093.0	7,231.6	7,214.3	-28.5
TOTAL USES	27,522.1	30,884.7	29,489.7	29,053.2	-5.9
FTE					
Permanent	54.0	54.0	63.0	59.0	9.3
Term	144.0	139.0	141.0	141.0	1.4
TOTAL FTE POSITIONS	198.0	193.0	204.0	200.0	3.6

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent of New Mexico counties with pandemic influenza plans that integrate with the state plan	10%	93.9%	80%		
* Output	Number of designated trauma centers in the state	3	3	9	9	9
* Output	Number of health emergency exercises conducted to assess and improve local and international capability				80	80
Output	Number of pandemic influenza plan exercises statewide		105	70		
Output	Number of hospitals reporting data in the state trauma registry	16	20	24	25	25
Efficiency	Percent of birth certificates issued or searched for within seven days of receipt of an approved birth search application and fee	71.67%	99.4%	98%	98%	98%

LABORATORY SERVICES

The purpose of the laboratory services program is to provide laboratory analysis and science policy for tax-supported public health, environmental and toxicology programs in the state of New Mexico in order to provide timely identification of threats to the health of New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	6,005.1	6,417.9	7,450.6	6,950.6	8.3
Other Transfers	1,017.4	0.0	0.0	0.0	***
Federal Revenues	3,169.3	2,691.8	2,439.6	2,439.6	-9.4
Other Revenues	5,615.2	2,745.7	2,727.9	2,727.9	-0.6
SOURCES TOTAL	15,807.0	11,855.4	12,618.1	12,118.1	2.2
USES					
Personal Services and Employee Benefits	6,922.9	7,255.8	7,938.2	7,438.2	2.5
Contractual Services	1,343.7	424.8	424.8	424.8	0.0
Other	3,982.3	4,174.8	4,255.1	4,255.1	1.9
TOTAL USES	12,248.9	11,855.4	12,618.1	12,118.1	2.2
FTE					
Permanent	79.0	79.0	91.0	84.0	6.3
Term	56.0	53.0	53.0	53.0	0.0
TOTAL FTE POSITIONS	135.0	132.0	144.0	137.0	3.8

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of public health threat samples for communicable diseases and other threatening illnesses that are analyzed within specified turnaround times	98.5%	98.7%	98%	98%	98%
* Output	Number of laboratory tests performed each year	456,421	413,656	340,000	340,000	340,000
* Efficiency	Percent of blood alcohol tests from driving-while-intoxicated cases that are analyzed and reported within seven business days	27.4%	76%	85%	85%	90%

FACILITIES MANAGEMENT

The purpose of the facilities management program is to provide oversight for department of health facilities that provide health and behavioral health care services, including mental health, substance abuse, nursing home and rehabilitation programs, in both facility-and community-based settings and serve as the safety net for the citizens of New Mexico.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 - 2008-2009</u>					Percent Incr (Decr)
	<u>FY07</u> 2006-2007 <u>Actuals</u>	<u>FY08</u> 2007-2008 <u>Budgeted</u>	<u>Agency</u> <u>Request</u>	<u>LFC</u> <u>Recommendation</u>		
SOURCES						
General Fund Transfers	49,605.7	51,968.0	54,720.1	53,632.3		3.2
Other Transfers	35,844.8	55,131.4	53,655.9	53,655.9		-2.7
Federal Revenues	3,147.9	3,195.7	3,375.7	3,375.7		5.6
Other Revenues	21,726.7	44,660.3	45,432.0	45,432.0		1.7
SOURCES TOTAL	110,325.1	154,955.4	157,183.7	156,095.9		0.7
USES						
Personal Services and Employee Benefits	98,955.9	102,152.4	103,982.4	103,198.6		1.0
Contractual Services	8,858.5	30,593.2	30,564.1	30,538.8		-0.2
Other	17,476.5	22,209.8	22,637.2	22,358.5		0.7
TOTAL USES	125,290.9	154,955.4	157,183.7	156,095.9		0.7
FTE						
Permanent	1,795.0	1,780.0	2,285.5	2,271.0		27.6
Term	476.5	474.5	0.0	0.0		-100.0
Temporary	29.0	29.0	28.0	28.0		-3.4
TOTAL FTE POSITIONS	2,300.5	2,283.5	2,313.5	2,299.0		0.7

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
*	Outcome	Number of substantiated cases of abuse, neglect and exploitation per one hundred residents in agency-operated long-term care programs confirmed by the division of health improvement	4.99	2.6		
	Output	Average length of stay at Fort Bayard medical center	388.2	637.5	719	
	Output	Average length of stay at sequoyah adolescent treatment center	213.5	260	207	
	Output	Average length of stay at New Mexico veteran's home	374.75	400	487	
	Output	Percent of clients at sequoyah adolescent treatment center without relapses at three to six months post discharge			92%	92%
*	Output	Percent of clients at turquoise lodge without relapses at three to six months post discharge			40%	40%
	Output	Average length of stay at New Mexico rehabilitation center	16.25	13.32	21	
	Output	Average length of stay at turquoise lodge	18.13	17.9	21	
	Output	Average length of stay at the New Mexico behavioral health institute at Las Vegas	15.75	12.1	6	
	Output	Percent of clients at New Mexico rehabilitation center with continued improvement on medical rehab goals three to six months post discharge			80%	80%
	Output	Percent of low risk residents at New Mexico behavioral health institute's long-term care program who have pressure sores			0.5%	0.5%
*	Output	Percent of low risk residents at Fort Bayard who have pressure sores			2.5%	2.0%
	Output	Percent of low risk residents at New Mexico veterans home who have pressure sores			2.5%	2.0%

DEVELOPMENTAL DISABILITIES SUPPORT

The purpose of the developmental disabilities support program is to administer a statewide system of community-based services and supports to improve the quality of life and increase the independence and interdependence of individuals with developmental disabilities and children with or at risk for developmental delay or disability and their families.

		BUDGET SUMMARY (dollars in thousands)				
		<u>FY09 - 2008-2009</u>				
		FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES						
	General Fund Transfers	98,467.9	116,530.3	123,846.2	122,898.9	5.5
	Other Transfers	5,196.4	7,283.0	7,299.7	7,299.7	0.2
	Federal Revenues	4,334.7	2,561.9	2,571.7	2,571.7	0.4
	Other Revenues	1,023.2	1,384.3	1,200.0	1,200.0	-13.3
	SOURCES TOTAL	109,022.2	127,759.5	134,917.6	133,970.3	4.9
USES						
	Personal Services and Employee Benefits	8,508.3	9,298.3	9,946.1	9,898.8	6.5
	Contractual Services	28,001.3	34,440.4	18,510.4	17,510.4	-49.2
	Other	1,332.1	1,605.9	19,546.2	19,546.2	1,117.1
	Other Financing Uses	67,112.2	82,414.9	86,914.9	87,014.9	5.6
	TOTAL USES	104,953.9	127,759.5	134,917.6	133,970.3	4.9
FTE						
	Permanent	68.0	68.0	72.0	72.0	5.9
	Term	82.0	82.0	81.0	81.0	-1.2
	Temporary	0.0	0.0	1.0	1.0	***
	TOTAL FTE POSITIONS	150.0	150.0	154.0	154.0	2.7

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
*	Outcome	Percent of adults receiving developmental disabilities day services who are engaged in community-integrated employment	34.7%	34%	60%	45%
*	Outcome	Percent of families who report an increased capacity to address their child's developmental needs as an outcome of receiving early intervention services	99.2%	92%	99%	94%
	Outcome	Percent of infants and toddlers in the family infant toddler program who make progress in their development	95.4%		97%	97%
	Output	Number of children with autism spectrum disorder who receive legislative appropriation funded respite and/or adaptive skill building services			100	100
	Output	Percent of Jackson requirements from the plan of action and appendix a to the joint stipulation completed		75%	90%	100%
	Quality	Percent of individuals participating in the developmental disabilities community service program who report that services helped them maintain or increase independence	87%	89.82%	97%	93%
*	Efficiency	Percent of developmental disabilities waiver applicants determined to be both income eligible and clinically eligible within ninety days of allocation	95.7%	87.5%	98%	98%
*	Efficiency	Percent of developmental disabilities waiver applicants who have a service plan in place within ninety days of income and clinical eligibility determination	99%	97.5%	100%	95%

HEALTH CERTIFICATION LICENSING AND OVERSIGHT

The purpose of the health certification, licensing and oversight program is to provide health facility licensing and certification surveys, community-based oversight and contract compliance surveys and a statewide incident management system so that people in New Mexico have access to quality health care and that vulnerable populations are safe from abuse, neglect and exploitation.

BUDGET SUMMARY
(dollars in thousands)

		<u>FY09 - 2008-2009</u>				Percent Incr (Decr)
		FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES						
	General Fund Transfers	5,298.6	5,393.7	6,231.5	5,953.9	10.4
	Other Transfers	4,016.6	4,901.1	4,952.5	4,952.5	1.0
	Federal Revenues	2,824.6	1,938.4	1,582.4	1,582.4	-18.4
	Other Revenues	2,440.8	1,770.4	2,612.1	2,612.1	47.5
	SOURCES TOTAL	14,580.6	14,003.6	15,378.5	15,100.9	7.8
USES						
	Personal Services and Employee Benefits	9,887.1	10,924.7	11,588.8	11,588.8	6.1
	Contractual Services	1,737.4	846.4	663.4	663.4	-21.6
	Other	2,538.6	2,232.5	3,126.3	2,848.7	27.6
	TOTAL USES	14,163.1	14,003.6	15,378.5	15,100.9	7.8
FTE						
	Permanent	58.0	57.0	56.0	56.0	-1.8
	Term	123.0	123.0	123.0	123.0	0.0
	TOTAL FTE POSITIONS	181.0	180.0	179.0	179.0	-0.6

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
*	Outcome	Number of developmental disabilities providers receiving an unannounced survey	35	111	117	125
	Output	Number of regulatory compliance surveys conducted by the division of health improvement for licensed facilities	314	150	450	
	Output	Percent of abuse, neglect and exploitation allegations confirmed in community-based programs		45%	45%	45%
*	Output	Percent of required compliance surveys completed for adult residential care and adult day care facilities		38%	77%	80%
	Quality	Number of providers that receive a quality management review as a result of disproportionate substantiated findings of abuse, neglect and exploitation	3	5		
	Explanatory	Number of applicants screened for caregiver criminal history check	22,745	33,592	33,800	34,000
	Explanatory	Number of allegations of abuse, neglect and exploitation reported		1,557	1,600	1,600

ADMINISTRATION

The purpose of the administration program is to provide leadership, policy development, information technology, administrative and legal support to the department of health so that the department achieves a high level of accountability and excellence in services provided to the people of New Mexico.

		BUDGET SUMMARY (dollars in thousands)				
		FY09 - 2008-2009				
	FY07 2006-2007	FY08 2007-2008	Agency Request	LFC Recommendation	Percent Incr (Decr)	
	<u>Actuals</u>	<u>Budgeted</u>			<u>(Decr)</u>	
SOURCES						
General Fund Transfers	11,586.2	13,231.5	13,374.9	13,288.3	0.4	
Other Transfers	1,310.7	743.6	770.7	770.7	3.6	
Federal Revenues	5,462.9	5,650.2	5,388.8	5,388.8	-4.6	
Other Revenues	178.2	204.1	343.5	343.5	68.3	
SOURCES TOTAL	18,538.0	19,829.4	19,877.9	19,791.3	-0.2	
USES						
Personal Services and Employee Benefits	9,629.9	10,509.6	10,823.7	10,743.7	2.2	
Contractual Services	2,067.9	1,949.6	1,449.1	1,449.1	-25.7	
Other	6,287.3	7,370.2	7,525.1	7,518.5	2.0	
Other Financing Uses	0.0	0.0	80.0	80.0	***	
TOTAL USES	17,985.1	19,829.4	19,877.9	19,791.3	-0.2	
FTE						
Permanent	134.0	134.0	153.0	153.0	14.2	
Term	18.0	20.0	2.0	2.0	-90.0	
Temporary	1.0	1.0	1.0	1.0	0.0	
TOTAL FTE POSITIONS	153.0	155.0	156.0	156.0	0.6	

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Number of community health improvement councils that address health disparities in their plan	6	37	38	38	38
* Output	Percent capital project funds expended over a five-year period	7.5%	13.35%	16%	20%	20%
Output	Number of telehealth sites throughout the state used for patient services	20	50	120	120	120
* Output	Number of patient encounters provided through telehealth sites statewide		10,573	11,000	12,000	12,000
Efficiency	Percent of payment vouchers paid within thirty days of acceptance of goods and services	92.14%		85%	87%	87%

STATUTORY AUTHORITY:

The New Mexico Department of Environment (NMED) is established by Sections 9-7A-1 through 9-7A-15 NMSA 1978. It is responsible for administration of federal and state laws and regulations related to air quality, ground- and surface-water quality, solid waste disposal, underground storage tanks, radioactive materials, radiologic technology, occupational safety, and food safety. The department administers rural water and wastewater infrastructure loans and monitors federal Department of Energy and Department of Defense facilities within New Mexico for nonradioactive hazardous materials.

MISSION:

The Department of Environment (NMED) preserves and protects surface and groundwater, air quality, and land in the State of New Mexico. The department also protects the safety and health of the state's citizens by regulating, monitoring, and inspecting public facilities and establishments.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		
2006-2007	2007-2008	Agency	LFC	Percent	
	Actuals	Budgeted	Request	Recommendation	Incr
					(Decr)
SOURCES					
General Fund Transfers	14,545.4	16,354.0	18,818.8	16,878.3	3.2
Other Transfers	22,382.7	25,551.9	27,814.6	27,577.6	7.9
Federal Revenues	21,929.4	24,342.2	24,335.0	24,390.4	0.2
Other Revenues	35,607.0	35,913.7	37,216.9	36,249.2	0.9
Fund Balance	199.8	2,323.8	6,375.1	4,105.8	73.0
SOURCES TOTAL	94,664.3	104,535.6	114,560.4	109,201.3	4.5
USES					
Personal Services and Employee Benefits	41,692.7	46,883.5	49,907.7	48,107.3	2.6
Contractual Services	11,614.7	13,506.7	14,219.0	14,199.0	5.1
Other	17,974.2	18,807.9	22,791.7	19,490.0	3.6
Other Financing Uses	18,069.5	25,337.5	27,642.0	27,405.0	8.2
TOTAL USES	89,351.1	104,535.6	114,560.4	109,201.3	4.5
FTE					
Permanent	280.0	297.0	325.0	309.0	4.0
Term	384.5	397.5	415.5	408.5	2.8
TOTAL FTE POSITIONS	664.5	694.5	740.5	717.5	3.3

BUDGET ISSUES:

The transition to SHARE significantly impacted NMED in several areas during FY07. Payments to vendors were late, a problem particularly affecting the Construction Program Bureau (CPB) loan and grant programs. Revenues to the corrective action fund were delayed for three months, reducing the cash balance over that time. At any one time, up to 10 payroll periods were not posting to the general ledger. Unverified fund balances caused unnecessary budget adjustment requests and "holdbacks" that eventually led to record unused budget balances at year-end, including reversions of almost \$120 thousand general fund monies and just over \$1.8 million in special funds. The trial balance has yet to be reconciled to the general ledger, making projections for FY09 particularly challenging. Finally, the agency continues to track federal fund activity on spreadsheets because the SHARE federal grants module has yet to be adapted to the agency's needs. This is particularly concerning because federal funds account for approximately a third of the agency's FY08 operating budget. Adding to the SHARE impact was unusually high accounting staff turnover.

The FY09 base budget request included a slight increase from the general fund of \$147 thousand, attributable to increases in General Services Department risk rates and unemployment compensation. Federal funds remained essentially flat for the agency, although the budget request for the water quality program included an additional \$1.2 million from the Environmental Protection Agency (EPA) reallocation of unused Region 6 grant money. By far the greatest change in the request from the FY08 operating budget was the addition of \$4.5 million from special funds, which represented an overall 12 percent increase. Recognizing that some of the requested increase for special funds was well planned, LFC recommends almost a 4 percent increase and leaves the base request essentially intact to provide the agency needed flexibility to address any budget issues that might arise due to SHARE. For example, LFC recommends an additional \$726 thousand from the Hazardous Waste Fund, partly to address staff shortages that have lead to underperformance in the Hazardous Waste Bureau.

However, requested increases in spending from some funds will reduce the related fund balances. In particular, a 31 percent

increase in the water conservation fund to replace reallocated corrective action fund (CAF) and meet new EPA sampling requirements will significantly stress the fund. Although the LFC recommends this increase, this short term solution to meeting an unfunded federal mandate appears unsustainable over the long term. How the state grapples with such mandates is a serious concern because they could pose general fund implications if the special fund revenues prove insufficient over the long run.

The agencies largest requested increase for a special fund affected the corrective action fund (CAF). The agency continues to allocate nearly 30 percent of revenues, the maximum allowed by law, for indirect costs. During FY08, \$1.1 million from the CAF will be used to leverage \$2.6 million in federal grants, and the department projected a similar result for FY09. However, the committee does not support the requested budget increase of \$3 million for direct costs due to lack of documented justification to bring the amount above the historic average. In addition, the recommendation takes advantage of the expected cost savings of approximately \$1 million derived from the Petroleum Storage Tank Bureau's (PSTB) decision to reduce well monitoring from quarterly to annual samplings at remediated or low-risk sites.

Vacancy rates have improved significantly over the last five years. Overall turnover slowed during FY07, partially due to an improved process for career development. Nevertheless, the agency has difficulty filling some positions due to competition with the private sector in some classifications, such as engineers, and in some regions, such as the Four Corners area, where the oil and gas industry remains robust. The committee recommendation assumes vacancy savings of approximately 2 percent for three programs and the agency-applied rate of 7.1 percent for the Environmental Health Program. Such a high vacancy savings rate may be problematic, particularly with projected revenues in the programs' two major funds expected to decline.

Also emerging as a cause for concern is the requested 157 percent increase in use of fund balances. The agency maintains that fund balance use is cyclical, occurring when general fund appropriations fall. However, the use of fund balances may also indicate operating expenses are outstripping operating revenues for related programs. The most affected funds include tire recycling, water conservation (primarily for EPA water sampling mandates), air quality permit fund, and CAF. The recommendation reduces this fund balance request to \$1.7 million, or a 78 percent increase. Greater efficiencies and additional cost-cutting measures, such as the reduced water sampling by PSTB, might be warranted.

BASE EXPANSION:

Several of the agency expansion requests directly related to executive initiatives. Executive Order 2007-050 created a Water Cabinet to address the state's fragmented approach to water and wastewater infrastructure, a subject the committee extensively reviewed during the interim. The order also called on the Environment Department to act as lead agency by combining the Construction Program Bureau (CPB) and the Drinking Water Bureau (DWB) into a new division. This initiative encompasses key elements identified by House Joint Memorial 86 of the 2005 legislative session, such as greater inter-agency collaboration and optimized funding practices. Although questions remain to be answered, the recommendation includes a scaled-down version of this new division that slightly reduces top layers of management and administrative functions to focus on providing engineering and financial expertise to those communities that need such support to manage water and wastewater infrastructure programs. The combined recommendation noted in Table 3 as expansion items 1A and 1D includes 5 FTE for CPB, funded with \$330 thousand from the general fund and \$72 thousand from the CAF. Also included are 2 FTE for the DWB, supported by the general fund. The additional 4 FTE in item 1B are funded from the new administrative fee allowed by Laws 2007, Chapter 342, simply to reduce the overwhelming ratio of 120 projects per engineer caused by dramatic increases in appropriations and projects funded from the clean water revolving loan program.

Other expansion requests related to new rules proposed by the Environmental Improvement Board (EIB) to address climate change are not supported. While attempts to address climate change may have merit, the initial implementation of new rules lacked effective cost-benefit analyses and bypassed legislative input. The EIB's decision to adopt the California clean car rules, in particular, did not include consideration of the impacts to the auto industry along the border. In addition, future greenhouse initiatives face a reality gap unless any coal burning power plants located in EPA Region 9, such as the Four Corner Power Plant and the proposed Desert Rock Power Plant, are included under the regulations.

Because additional FTE were approved for FY08 to address significant workload issues, other expansion requests were generally not supported except to address extreme workload issues, to protect groundwater, or to protect people.

The Environmental Health Program, which received 10 FTE for FY08 for its inspection programs, stated it is again faced with increased demand for its services caused by population growth and requested an additional 9 FTE funded from the general fund for similar roles. While inspection and permitting are critical functions to ensure public health and protect groundwater, additional personnel cannot be supported until the vacancy rate is resolved. In addition, the agency could explore how increased demand could be met with greater efficiency -- such as mobile computing -- to reduce travel time for inspectors and eliminate the later need for data entry. The recommendation supports a federally funded FTE to strengthen the EPA-mandated wellhead protection

program to protect water at its source, rather than simply relying on water treatment for clean drinking water.

Other supported expansions related to workload increases are primarily funded from a slight reduction in CAF from the base budget. One includes an attorney to work on water-related hearings, legal issues and court actions. A computer applications specialist will bolster the agency's slim information technology resources to meet growing reporting demands to the EPA. The Title V air quality fund supports two inspectors to help address the public health issue posed by emissions, particularly in the Four Corners region. Finally, one occupational safety inspector is recommended to be funded from the general fund to help improve worker safety in the oil and gas industry, which accounts for 39 fatal accidents since 1996.

Five unauthorized federally funded positions that deal with Superfund and Department of Energy issues are also recommended as expansions due to the long-term nature of the grants. The computer applications developer is also federally funded. Two unauthorized FTE were pulled from the base and recommended as part of the EPA source water protection program. Recommended federal funds are slightly higher as a result of adding the related federal funds that had been left off the agency's request.

The recommended expansions are supported with \$652 thousand from the general fund, 38 percent of the recommended total; \$690 thousand from other funds, 40 percent of the total; and \$368 thousand federal funds, 22 percent of the total. Including the expansions, the total recommended CAF funding is down 2 percent from FY08.

The LFC July 2007 "Capital Outlay Quarterly Report" lists 29 projects over \$1 million under the Department of Environment. All of these projects are managed within the Construction Programs Bureau, which provides technical and financial assistance to communities and other agencies for water, wastewater, and solid waste facilities. The report indicated many of these projects were behind schedule due to various factors, ranging from the lack of project readiness (such as the scope of work not being determined prior to the appropriation) to grant agreements not being returned. These factors would be addressed by the new water and wastewater infrastructure division to improve project progress.

RECOMMENDED LANGUAGE:

The New Mexico environment department shall report quarterly to the legislative finance committee and other interim committees on the implementation and status of the new division of water and wastewater infrastructure division.

BASE EXPANSION LISTING FY09 - 2008-2009

Agency Rank		(Program)	Agency Request	LFC Recommendation
	*Source water protection (2 FTE federal fund)	(ENV HLTH)	0.0	77.7
01	AQB climate change initiative	(END PROT)	166.1	0.0
02	Septage hauler oversight (1 FTE general fund)	(WATER QUAL)	74.8	74.8
03	Water programs application dev. (1 FTE CAF)	(WATER QUAL)	96.9	96.9
04	EHD districts I and II	(ENV HLTH)	222.3	0.0
05	OHSB safety inspector for O&G (1 FTE gf)	(END PROT)	87.3	87.3
06	Lawyer A (1 FTE CAF)	(PRG SUPPORT)	86.4	86.4
07	Water programs-IT generalist in networking	(WATER QUAL)	79.7	0.0
08	NM wetlands restoration and protection prog.	(WATER QUAL)	145.6	0.0
09	EHD pool program	(ENV HLTH)	47.9	0.0
10	Rio Grande salinity control mangt. prog. dev.	(WATER QUAL)	124.0	0.0
11	EHD liquid waste program	(ENV HLTH)	78.6	0.0
12	AQB indoor air quality program	(END PROT)	82.5	0.0
13	OHSB construction industry safety inspector	(END PROT)	87.3	0.0
14	NMED loss control director (OHSB)	(END PROT)	125.5	0.0
15	EHD district V	(ENV HLTH)	119.7	0.0
16	EHD district III	(ENV HLTH)	119.7	0.0
17	AQB reduce air emissions (2 FTE Title V fund)	(END PROT)	166.1	166.1
18	EHD drinking water bureau (1 FTE federal)	(ENV HLTH)	78.6	78.6
19	EHD radiation control bureau	(ENV HLTH)	157.3	0.0
20	Applications developer (1 FTE federal fund)	(END PROT)	0.0	55.4
21	Superfund oversight (2 FTE federal funding)	(WATER QUAL)	0.0	155.8
1A	Water infrastructure (4 FTE gf, 1 FTE CAF)	(PRG SUPPORT)	444.4	401.1
1B	CWSRF & loan programs (4 FTE RIP admin fund)	(PRG SUPPORT)	269.3	269.3
1C	Capital outlay support	(PRG SUPPORT)	141.5	0.0
1D	EHD drinking water bureau - WWID (2 FTE gf)	(ENV HLTH)	250.4	160.4
TOTAL			3,251.9	1,709.8

*The agency included this item in the base request. The LFC considers the item to be an expansion and has extracted it from the base.

ENVIRONMENTAL HEALTH

The purpose of the environmental health program is to protect public health and the environment through specific programs that provide regulatory oversight over food service and food processing facilities, regulation of on-site treatment and disposal of liquid wastes, regulation of public swimming pools and baths, regulation of medical radiation and radiological technologist certification, compliance with the Safe Drinking Water Act, application of the mosquito abatement regulation, oversight of waste isolation pilot plant transportation and education and public outreach about radon in homes and public buildings.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,616.5	6,091.5	7,077.3	6,473.2	6.3
Other Transfers	6,427.7	7,036.0	7,294.5	7,137.2	1.4
Federal Revenues	4,255.5	4,899.5	5,142.7	5,142.7	5.0
SOURCES TOTAL	16,299.7	18,027.0	19,514.5	18,753.1	4.0
USES					
Personal Services and Employee Benefits	10,535.8	11,547.6	12,297.8	11,638.1	0.8
Contractual Services	3,231.6	3,567.2	4,057.7	4,057.7	13.8
Other	2,402.4	2,912.2	3,159.0	3,057.3	5.0
TOTAL USES	16,169.8	18,027.0	19,514.5	18,753.1	4.0
FTE					
Permanent	111.0	118.0	130.0	120.0	1.7
Term	66.0	71.0	76.0	74.0	4.2
TOTAL FTE POSITIONS	177.0	189.0	206.0	194.0	2.6

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Explanatory	Number of food related inspections performed by environmental health division environmental scientists			TBD	TBD	TBD
Output	Number of free well water tests	1,000	1,895	1,000	1,000	1,000
Explanatory	Number of compliance orders issued in response to complaints or inspection of new septic tanks			TBD	TBD	TBD
Efficiency	Percent of high risk food related violations corrected within the timeframes noted on the inspection report issued to permitted commercial food establishments			100%	100%	100%
Explanatory	Number of assistance actions including site visits provided to public water systems to assist them to return to compliance with safe drinking water act requirements			TBD	TBD	TBD
Output	Percent of license inspections completed within the timeframes identified in radiation control bureau policies				100%	100%
* Output	Percent of radiation-producing machine inspections completed within the timeframes identified in radiation control bureau policies				100%	100%
* Output	Percent of new septic tanks inspections completed	64%	80%	85%	85%	85%
* Efficiency	Percent of public drinking water systems inspected within one week of confirmation of system problems that might acutely impact public health	98.25%	98%	100%	100%	100%
* Efficiency	Percent of drinking water chemical samplings completed within the regulatory timeframe	96%	87.5%	95%	95%	95%
* Output	Percent of annual permitted commercial food establishment inspections completed	111%	100%	100%	100%	100%
Output	Percent of license inspections and radiation-producing machine inspections completed within nuclear regulatory commission and food and drug administration guidelines	92%	92%	100%		
Output	Percent of new radioactive material license applications reviewed for administrative completeness within sixty days of receipt of application	100%	100%	100%	100%	100%
Outcome	Percent of radioactive material licensees and x-ray registrants inspected and issued a notice of violation that come into compliance within the timeframe specified	97%	93%	97%	97%	97%
* Outcome	Percent of public water systems that comply with acute maximum contaminant levels	99.8%	99.6%	95%	95%	95%

WATER QUALITY

The purpose of the water quality program is to protect the quality of New Mexico's ground- and surface-water resources to ensure clean and safe water supplies are available now and in the future to support domestic, agricultural, economic and recreational activities and provide healthy habitat for fish, plants and wildlife and to ensure that hazardous waste generation, storage, treatment and disposal is conducted in a manner protective of public health and environmental quality.

BUDGET SUMMARY
(dollars in thousands)

	FY07	FY08	FY09 - 2008-2009		Percent Incr (Decr)
	2006-2007 Actuals	2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	3,537.4	3,520.4	3,864.8	3,495.7	-0.7
Other Transfers	4,337.2	5,270.9	5,976.1	5,896.4	11.9
Federal Revenues	10,970.2	12,466.1	12,411.5	12,411.5	-0.4
SOURCES TOTAL	18,844.8	21,257.4	22,252.4	21,803.6	2.6
USES					
Personal Services and Employee Benefits	12,213.0	13,699.0	14,480.5	14,067.1	2.7
Contractual Services	4,992.4	5,646.3	5,669.1	5,669.1	0.4
Other	1,639.4	1,912.1	2,102.8	2,067.4	8.1
TOTAL USES	18,844.8	21,257.4	22,252.4	21,803.6	2.6
FTE					
Permanent	45.0	45.0	45.0	46.0	2.2
Term	151.5	156.5	163.5	159.5	1.9
TOTAL FTE POSITIONS	196.5	201.5	208.5	205.5	2.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Explanatory	Approximate number of hazardous waste notifiers in the state			TBD	TBD	TBD
* Output	Percent of enforcement actions brought within one year of discovery of noncompliance with order	100%	100%	90%	90%	90%
Output	Approximate number of large quantity generators and number of large quantity generators inspected per environmental protection agency five year goal			87/17	87/17	87/17
* Outcome	Percent of permitted facilities where monitoring results do not exceed standards	73%	76%	75%	75%	75%
Efficiency	Percent of groundwater discharge permits issued within the time allowed by statute or regulation	85%	75%	85%	80%	80%
Output	Percent of groundwater discharge permitted facilities receiving annual compliance evaluations and total estimated permitted facilities	64%	42% of 875	65%/875	65%/875	65%/875
* Output	Number of inspections of permitted hazardous waste facilities and hazardous waste generators, handlers and transporters		164	150	150	150
Output	Percent of inspections that are first-time inspections for hazardous waste notifies, generators and transporters	71%	80%	20%	20%	20%
* Efficiency	Percent of department of energy generator site audits for the waste isolation pilot project on which agency action will be taken within forty-five days	78%	87.5%	80%	80%	80%
* Explanatory	Stream miles and acreage of lakes monitored annually to determine if surface water quality is impaired	1,369/15,60	1,539/13,70	1,500/10K	1,500/10K	1,500/10K
Output	Number of impaired stream miles currently being addressed through watershed restoration plans to improve surface water quality	611	4,441	220	220	220
Output	Percent of cases in which Sandia national laboratories and Los Alamos national laboratories are notified of agency action on document submittals within the timeframe specified in the executed consent orders		72%	90%	90%	90%

ENVIRONMENTAL PROTECTION

The purpose of the environmental protection program is to prevent releases of petroleum products into the environment, ensure solid waste is handled and disposed without harming natural resources, ensure New Mexicans breathe healthy air and ensure every employee safe and healthful working conditions.

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	2,719.5	3,060.4	3,609.1	2,976.7	-2.7
Other Transfers	8,792.3	9,937.4	10,794.2	10,722.7	7.9
Federal Revenues	2,723.5	3,825.4	3,571.2	3,626.6	-5.2
SOURCES TOTAL	14,235.3	16,823.2	17,974.5	17,326.0	3.0
USES					
Personal Services and Employee Benefits	11,739.0	13,379.7	13,968.4	13,480.2	0.8
Contractual Services	252.5	680.5	838.0	818.0	20.2
Other	2,243.8	2,763.0	3,168.1	3,027.8	9.6
TOTAL USES	14,235.3	16,823.2	17,974.5	17,326.0	3.0
FTE					
Permanent	66.0	70.0	73.0	71.0	1.4
Term	123.0	128.0	134.0	131.0	2.3
TOTAL FTE POSITIONS	189.0	198.0	207.0	202.0	2.0

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
* Outcome	Percent of serious worker health and safety violations corrected within the timeframes designated on issued citations from the consultation and compliance sections	96.53%	96.55%	95%	95%	95%
Explanatory	Number of new confirmed releases from leaking storage tank sites that are being assessed for environmental and human health risk				TBD	TBD
* Outcome	Annual statewide greenhouse gas emissions (MMt CO2e)			54.2MMt	TBD	TBD
* Outcome	Percent of landfills meeting groundwater monitoring requirements	71%	66%	93%	93%	93%
Output	Percent of confirmed releases from leaking storage tank sites that are undergoing assessment or corrective action	53.75%	55%	55%		
* Outcome	Percent of underground storage tank facilities in significant operational compliance with release prevention and release detection regulations of the petroleum storage tank regulations	93.5%	91%	90%	90%	90%
Outcome	Number of confirmed sites contaminated by petroleum products that require no further action as a result of aggressive remediation, per year				30	30
Output	Number of storage tank sites with confirmed releases of petroleum products that are high risk and are undergoing aggressive corrective action				150	150
* Outcome	Percent of facilities taking corrective action to mitigate air quality violations discovered as a result of inspections	100%	100%	95%	95%	95%
* Outcome	Improvement in visibility at all monitored locations in New Mexico based on a rolling average of the previous four quarters			194 KM	197.25	197.25
Output	Percent of worker health and safety complaints responded to within five days	75%	93.75%	95%	95%	95%
Outcome	Percent increase in tons of materials recycled by state agencies			10%	10%	10%
* Outcome	Percent of inspected solid waste facilities in substantial compliance with the solid waste management regulations	74%	64.75%	75%	75%	75%
* Outcome	Number of days per year in which the air quality index exceeds one hundred, exclusive of natural events such as high winds and wildfires		2 days	</=8	</=8	</=8
Output	Number of storage tank sites with confirmed releases of petroleum products undergoing assessment or corrective action		513	550		
Explanatory	Number of serious injuries and illnesses caused by workplace conditions, newly reported indemnity claims by calendar year	5,603	5,436	TBD	5,400	5,400
Explanatory	Rate of serious injuries and illnesses caused by workplace conditions per one hundred workers, newly reported indemnity claims by calendar year	.702	.655	TBD	.65	.65

PROGRAM SUPPORT

The purpose of program support is to provide overall leadership, administrative, legal and information management support to allow programs to operate in the most knowledgeable, efficient and cost-effective manner so the public can receive the information it needs to hold the department accountable.

BUDGET SUMMARY
(dollars in thousands)

	FY07	FY08	FY09 - 2008-2009		Percent Incr (Decr)
	2006-2007 Actuals	2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,672.0	3,681.7	4,267.6	3,932.7	6.8
Other Transfers	2,825.5	3,307.6	3,749.8	3,821.3	15.5
Federal Revenues	3,980.2	3,151.2	3,209.6	3,209.6	1.9
SOURCES TOTAL	9,477.7	10,140.5	11,227.0	10,963.6	8.1
USES					
Personal Services and Employee Benefits	7,204.9	8,257.2	9,161.0	8,921.9	8.0
Contractual Services	498.0	612.7	654.2	654.2	6.8
Other	1,259.9	1,270.6	1,411.8	1,387.5	9.2
TOTAL USES	8,962.8	10,140.5	11,227.0	10,963.6	8.1
FTE					
Permanent	58.0	64.0	77.0	72.0	12.5
Term	44.0	42.0	42.0	44.0	4.8
TOTAL FTE POSITIONS	102.0	106.0	119.0	116.0	9.4

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u> TBD	<u>FY09 Request</u> TBD	<u>FY09 Recomm</u> TBD
Explanatory	Total number of new projects funded and dollar amount of new loans made from the clean water state revolving fund program and the rural infrastructure revolving loan program					
Output	Percent of budgets reviewed and analyzed quarterly from the program level to the lowest program level	100%	100%	100%	100%	100%
Output	Percent of prior-year significant audit findings resolved	55%	100%	100%	100%	100%
Output	Date by which an annual project status report for water, wastewater and solid waste facility construction projects will be provided to the legislative finance committee members and analyst, and to department of finance and administration secretary and analyst		08/13/07	8/15/08	8/15/09	8/15/09
Efficiency	Percent of legal requests reviewed and assigned within three days of receipt	98%	95.33%	100%	100%	100%
Efficiency	Percent of clients contacted within two weeks of assignment of case	100%	100%	100%	100%	100%
* Quality	Percent customer satisfaction with the construction bureau's technical assistance and engineering services provided in conjunction with federal and state loan and grant projects for construction of water, wastewater and solid waste projects, based on written customer surveys	97%	95.47%	100%	100%	100%
Quality	Percent customer satisfaction with the construction bureau's administrative services provided in conjunction with federal and state loan and grant projects for construction of water, wastewater and solid waste projects, based on written customer surveys	97%	95%	100%	100%	97%
* Output	Percent of enforcement actions brought within one year of inspection or documentation of violation	95.5%	94.31%	95%	95%	95%
* Outcome	Number of accounting function standards as defined by the department of finance and administration, office of the state controller that are achieved at the end of the fiscal year		4	4	4	4

STATUTORY AUTHORITY:

The Office of Natural Resources Trustee was created by Sections 75-7-1 through 75-7-5 NMSA 1978. The Office of the Natural Resources Trustee (ONRT) is administratively attached to the Environment Department and has as its sole mission the restoration of natural resources on state land injured as a result of a release of a hazardous substance or oil.

The natural resources trustee fund is used to pay court-ordered settlements and the costs of restoration activities in addition to being used as the repository for settlement monies which are reimbursed to the agency for actual costs incurred by the agency in the investigation, recovery and settlement process.

The Natural Resources Trustee is authorized to conduct assessments to determine injury to natural resources as well as to plan and implement restoration back to the condition prior to their contamination. As opposed to remediation (where contaminants are removed or the risk neutralized), restoration projects cannot access Superfund monies. Therefore, a viable financially responsible party must be found first to pay for site assessment and then restoration.

The Office of the Natural Resources Trustee favors working consensually because restoration can proceed more quickly and economically. However it reserves the option to sue for natural resource damage when necessary.

BUDGET SUMMARY						
(dollars in thousands)						
		FY09 – 2008-2009				
		FY07	FY08	Agency	LFC	Percent
		2006-2007	2007-2008	Request	Recommendation	Incr
		Actuals	Budgeted			(Decr)
SOURCES						
	General Fund Transfers	246.3	417.5	417.5	417.5	0.0
	Fund Balance	116.6	0.0	0.0	0.0	***
	SOURCES TOTAL	362.9	417.5	417.5	417.5	0.0
USES						
	Personal Services and Employee Benefits	315.1	338.1	343.0	343.0	1.4
	Contractual Services	4.9	24.6	24.6	24.6	0.0
	Other	42.9	54.8	49.9	49.9	-8.9
	TOTAL USES	362.9	417.5	417.5	417.5	0.0
FTE						
	Permanent	3.8	3.8	3.8	3.8	0.0
	TOTAL FTE POSITIONS	3.8	3.8	3.8	3.8	0.0

BUDGET ISSUES:

ONRT is currently working on several projects in various stages of damage assessment and restoration planning and implementation. These include the Atchison Topeka Santa Fe (ATSF) Albuquerque Superfund site; ATSF Clovis Superfund site; Continental; Chino and Tyrone mine facilities; Molycorp mine facility; Standard Oil of Ohio (SOHIO) L-bar facility; South Valley Superfund site; and Sparton Technology site.

The ATSF Clovis Superfund site plans call for the restoration of playas within Curry County. It is anticipated that 10 playas will be enrolled for conservation by the end of the first quarter of FY08. Restoration activities will include grazing, brush management, range planting, and some earthwork. The program will be administered by the Central Curry Soil and Water Conservation District. The SOHIO L-bar facility project has seen ONRT work closely with the Cebolleta Land Grant to select groundwater protection projects that upgrade wastewater treatment and sewer systems for the communities of Bibo, Moquino, and the Seboyeta. The projects include repair of sewer lines to prevent leaks, installation of concrete barriers, and repairs to earth berms to prevent storm water run-off entering the Bibo and Moquino sewer lagoons.

OFFICE OF THE NATURAL RESOURCES TRUSTEE

The purpose of the natural resources trustee program is to restore or replace natural resources or resource services injured or lost due to releases of hazardous substances or oil into the environment.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>	
*	Outcome	Number of acres of habitat restoration	145	0	500	500	500
*	Outcome	Number of acre-feet of water conserved through restoration	808	2063	500	500	750
	Output	Percent of cases in settlement and restoration planned, in progress or completed	100%				

STATUTORY AUTHORITY:

The New Mexico Health Policy Commission (HPC) is composed of eight members appointed to three-year terms by the governor and confirmed by the Senate in accordance with Sections 9-7-11.1 through 9-7-11.3 NMSA 1978. The commission administers the health information system, which collects, analyzes, and disseminates health-related information, and the Health Information Alliance, a cooperative effort of the state, national laboratories, and private entities interested in gathering, sharing, and evaluating health information. HPC also is the lead agency for a number of reports requested by the Legislature, including House Memorial 43 from 2005 on developing processes for disclosure of hospital cost and quality data, House Joint Memorial 38 in 2006 on benefits of prescription contraceptive coverage, and the managed-care report. The agency also annually produces the "Quick Facts" statistical report on New Mexico health trends.

MISSION:

The mission of the New Mexico Health Policy Commission is to empower consumers and develop equitable public and private partnerships to facilitate and improve healthcare access in New Mexico. Through the provision of a neutral forum, HPC will provide research, guidance, and recommendations on health policy and planning issues to the executive and legislative branches of state government, healthcare consumers, and the healthcare industry.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,289.5	1,331.2	1,830.5	1,365.6	2.6
Other Transfers	0.3	0.4	0.8	0.8	100.0
Other Revenues	1.4	0.7	1.4	1.4	100.0
SOURCES TOTAL	1,291.2	1,332.3	1,832.7	1,367.8	2.7
USES					
Personal Services and Employee Benefits	846.7	958.1	1,356.9	1,042.6	8.8
Contractual Services	49.9	66.0	71.9	71.9	8.9
Other	284.9	308.2	403.9	253.3	-17.8
TOTAL USES	1,181.5	1,332.3	1,832.7	1,367.8	2.7
FTE					
Permanent	15.0	15.0	21.0	15.0	0.0
TOTAL FTE POSITIONS	15.0	15.0	21.0	15.0	0.0

BUDGET ISSUES:

For FY09, the commission's budget request of \$1.83 million represented an increase of 37.6 percent over the FY08 operating budget of \$1.33 million.

The agency's new executive director has made it an agency priority to complete all outstanding reports. As of September 2007, the agency had completed hospital inpatient discharge reports for 2002 through 2005, and expected to complete the 2006 report by December 2007. The agency has also completed the requirements of all five memorials from the 2007 legislative session.

The agency has had relatively flat budgets over the past several years and has struggled to maintain staff. Under the new director, the agency has filled all vacancies and reclassified two key employees to management positions to retain quality staff.

Regardless, the future of HPC remains unclear. The final report of the Health Coverage for New Mexicans Committee recommended consolidation of HPC into a single, statewide unified health-care authority. In 2007, House Bill 764 proposed consolidation of HPC into the Office of Policy and Multicultural Health in the Department of Health.

The purpose of the New Mexico Health Policy Commission is to provide a forum for the discussion of complex and controversial health policy issues. However, HPC has not provided valuable input that the Legislature can use to make policy decisions in major areas, such as universal care. This calls into question the agency's future.

BASE EXPANSION:

For FY09, the agency requested a \$320 thousand general fund increase to support 6 additional FTE. Though the committee does not recommend any expansion at this time, the recommendation provides a 2.6 percent general fund increase.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	Registered nurse A	(HEALTH PLCY)	60.9	0.0
2	IT database administrator II	(HEALTH PLCY)	66.6	0.0
3	Management analyst A	(HEALTH PLCY)	50.5	0.0
4	Management analyst A	(HEALTH PLCY)	50.5	0.0
5	IT Database administrator I	(HEALTH PLCY)	54.9	0.0
6	<u>Office & admin support worker A</u>	<u>(HEALTH PLCY)</u>	<u>36.6</u>	<u>0.0</u>
TOTAL			320.0	0.0

NEW MEXICO HEALTH POLICY COMMISSION

The purpose of the health information and policy analysis program is to provide relevant and current health-related data, information and comprehensive analysis to consumers, state health agencies, the legislature and the private health sector so they can obtain or provide improved healthcare access in New Mexico.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Number of health-related bills analyzed during the legislative session	168	126	150	200	200
Quality	Percent of satisfied requesters of the hospital inpatient discharge data or analysis reports	100%	100%	90%	90%	90%
Outcome	Number of task forces convened to facilitate recommendations for health-related strategies					
Outcome	Percent of bills analyzed and returned to the legislature within twenty-four hours	65%				
Outcome	Percent of purchasing documents and vouchers processed within one week of receipt					
Output	Number of formal collaborative partnerships, forums or workgroups that analyze the need for health professionals in the state to assist in identifying the gaps and options for reducing the shortages and determine feasible solutions for financing health care	18				
Output	Number of customized or specialized health data analyses performed in response to requests for information or in anticipation of issues affecting the healthcare delivery and finance systems	30				
Output	Percent of customized or specialized health data analyses performed in response to requests for information or in anticipation of issues affecting the healthcare delivery and finance systems		88%	95%	95%	95%

STATUTORY AUTHORITY:

Sections 9-22-1 through 9-22-20 NMSA 1978 establish the Veterans' Services Department. The secretary is appointed by the governor with confirmation by the Senate. The department consists of the Field Services, State Approving, State Benefits, and Administrative Services divisions. The Veterans' Services Advisory Board consists of five members appointed by the governor from different geographical regions of the state to advise the secretary and department staff on matters of interest to New Mexico veterans.

MISSION:

The Veterans' Services Department (VSD) disseminates information regarding laws beneficial to veterans, their widows, and dependent children; assists veterans and their dependents in the preparation and initiation of claims against the United States as a result of military service; and assists veterans, their widows, and their children in establishing the benefits and privileges to which they are entitled.

BUDGET SUMMARY (dollars in thousands)					
	<u>FY09 – 2008-2009</u>				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,416.2	3,167.9	4,075.1	3,259.5	2.9
Federal Revenues	459.7	468.1	102.1	102.1	-78.2
Other Revenues	0.0	51.1	34.3	34.3	-32.8
Fund Balance	0.0	52.2	15.0	15.0	-71.3
SOURCES TOTAL	2,875.9	3,739.3	4,226.5	3,410.9	-8.8
USES					
Personal Services and Employee Benefits	1,644.4	2,136.5	2,307.1	2,141.2	0.2
Contractual Services	415.8	1,204.9	1,259.6	784.6	-34.9
Other	262.9	397.9	659.8	485.1	21.9
TOTAL USES	2,323.1	3,739.3	4,226.5	3,410.9	-8.8
FTE					
Permanent	33.0	38.0	41.0	38.0	0.0
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	35.0	40.0	43.0	40.0	0.0

BUDGET ISSUES:

The department's FY08 operating general fund level increased significantly, by \$750 thousand or 31 percent over the FY07 operation level for various special initiatives. Historically, the department has had vacancy rates in the range of 6 percent. However, the current rate is significantly higher due to difficulties in hiring 5 veterans service officer FTE authorized and funded in the General Appropriation Act of 2007. LFC recommends an overall increase in general fund support for VSD of \$92 thousand, or 2.9 percent over the FY08 operating level.

Over the last several legislative sessions, the veteran's integration center in Albuquerque has received over \$600 thousand in general fund appropriations, both through nonrecurring as well as recurring sources, to provide services for homeless veterans. The program has historically received approximately \$300 thousand in federal funding through a multi-year grant. However, the department has requested a supplemental appropriation of \$300 thousand for expenditure in FY08 in addition to a recurring FY09 expansion request of \$300 thousand to replace the federal funds, because the grant has not been renewed in FY08. It is a concern of the committee that this federal grant has not been renewed. Although the department does not solicit the federal grant directly, VSD is the fiscal agent requesting general fund replacement. The department should provide technical assistance to the homeless service provider to support reapplication of these federal funds in FY09.

BASE EXPANSION:

The department had double-digit general fund growth of 30 percent in the FY08 budget. Similarly, the department requested nearly \$900 thousand, or 29 percent, in FY09 general fund expansion for both new initiatives and assistance in replacing lost federal funds. The committee is concerned the department has taken on responsibility for multiple new initiatives in the previous year. While the department's mission is of critical importance to New Mexico veterans, the committee supports controlled program growth in lieu of rapid expansion beyond the department's operational capacity.

LFC recommends one expansion item of \$65 thousand. The committee recommends \$65 thousand for the department's request for traumatic brain injury/post traumatic stress disorder outreach to identify and educate affected veterans to available benefits.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
1	OEF/OIF outreach program	(VETERANS)	100.0	0.0
2	TBI/PTSD outreach program	(VETERANS)	100.0	65.0
3	Veteran integration center	(VETERANS)	300.0	0.0
4	Veteran business resource center	(VETERANS)	150.0	0.0
5	Veteran education approval office	(VETERANS)	70.0	0.0
6	3 additional FTE	(VETERANS)	106.4	0.0
7	Video teleconference equipment	(VETERANS)	30.0	0.0
8	Wireless laptops	(VETERANS)	24.2	0.0
TOTAL			880.6	65.0

VETERANS' SERVICES

The purpose of the veterans' service program is to carry out the mandates of the New Mexico state legislature and the governor to provide information and assistance to veterans and their eligible dependents to obtain benefits to which they are entitled in order to improve their quality of life.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Number of veterans served by veterans' services department field officers	49,682	32,556	50,000	35,000	35,000
* Output	Number of referrals from veterans' services officers to contract veterans organizations	16,745	18,176	18,000	19,000	19,000
Output	Number of fiduciary transactions from trustee banks and veterans' services department to meet clients' living expenses	60,229	45,403	75,000	50,000	40,000
Output	Number of educational programs reviewed, approved and audited	1,916	1,488	1,975	1,975	1,975
* Output	Number of homeless veterans provided overnight shelter for a period of two weeks or more	160	270	500	300	500
* Output	Compensation received by New Mexico veterans as a result of the department's contracts with veterans' organizations, in millions	66	84	75	85	85
* Output	Number of property tax waiver and exemption certificates issued to New Mexico veterans	10,519	8,396	11,000	8,500	8,500
Outcome	Percent of New Mexico veterans impacted by department programs	27%	18.29%	30%	20%	20%
Output	Number of external prior year-audit finding	0	0	0	0	0

STATUTORY AUTHORITY:

The Children, Youth and Families Department (CYFD) was created in 1992 pursuant to Section 9-2A-1 through 9-2A-18 NMSA 1978. The department is responsible for state policies and programs to support children, youth, and families in need in such a manner as to promote self-sufficiency and to coordinate an integrated system of care and services for children, youth, and families among the various state agencies

MISSION:

The mission of the Children, Youth and Families Department is to serve and support children and families and supervise youth in a responsive community-based system of care that is client-centered, family-focused, and culturally competent.

	BUDGET SUMMARY				
	(dollars in thousands)				
	FY07	FY08	FY09 – 2008-2009		Percent
2006-2007	2007-2008	Agency	LFC	Incr	
	Actuals	Budgeted	Request	Recommendation	(Decr)
SOURCES					
General Fund Transfers	170,982.2	195,852.5	219,774.1	206,855.9	5.6
Other Transfers	48,324.1	41,686.6	39,617.6	40,617.6	-2.6
Federal Revenues	134,304.1	132,862.2	133,394.6	132,965.6	0.1
Other Revenues	4,085.5	4,382.8	4,346.7	4,346.7	-0.8
Fund Balance	1,300.0	0.0	0.0	0.0	
SOURCES TOTAL	358,995.9	374,784.1	397,133.0	384,785.8	2.7
USES					
Personal Services and Employee Benefits	113,054.9	115,005.4	118,661.8	117,492.4	2.2
Contractual Services	64,411.7	73,650.7	83,937.9	77,667.7	5.5
Other	169,590.5	185,368.1	193,973.4	189,065.8	2.0
Other Financing Uses	4,290.2	759.9	559.9	559.9	-26.3
TOTAL USES	351,347.3	374,784.1	397,133.0	384,785.8	2.7
FTE					
Permanent	1,987.1	1,946.1	2,036.1	2,020.1	3.8
Term	64.0	64.0	28.0	28.0	-56.3
TOTAL FTE POSITIONS	2,051.1	2,010.1	2,064.1	2,048.1	1.9

BUDGET ISSUES:

For FY09, the agency's general fund request of \$219.8 million was an increase of \$23.9 million, or 12.2 percent, over the FY08 operating level. The requested increase includes 12 expansion items totaling \$14.7 million and \$9.2 million to lower vacancy rates, improve juvenile detention medical services, replace federal funds, adequately fund increased foster and adoption caseload growth, and implement a planned technology replacement strategy.

The CYFD request shifted full-time-equivalent (FTE) positions and \$3.6 million from the general fund among divisions. The largest shift occurred in Juvenile Justice Services (JJS), where programs are being transferred both in and out. The department increased the JJS budget by shifting 39 FTE and \$2 million of general fund monies from the Protective Service Division (PSD) for juvenile reintegration centers. The second shift reduced the JJS budget by transferring 8 FTE and \$1 million of general fund monies out of JJS to the Family Services Division (FSD) for juvenile transition programming. Another shift transfers \$225 thousand to PSD for contact visitation and incarcerated parent programming. Finally, the Program Support Division transferred \$270 thousand of general fund monies to the other divisions for vehicle leases. To improve recruitment and retention the department converted 36 term FTE to permanent status in the child care program.

CYFD terminated the \$2.7 million medical service contract with Wexford at the end of FY07 and released a request for proposals (RFP) for a new provider; however, only one bid of \$4 million was received, and it was not responsive to all the medical services required in an in-house assessment or by agreement with the American Civil Liberties Union (ACLU). To provide routine medical care, at the Youth Diagnostic and Development Center (YDDC), Area 1 in Springer, and J. Paul Taylor center, the department hired 26 new medical staff FTE at a projected cost of \$2 million. In addition to routine care, CYFD projects pharmaceutical and specialized medical care will cost \$2.7 million in FY09. Combined, in-house medical staff, pharmaceutical, and specialized care is projected to cost \$4.7 million in FY09. CYFD is working to establish an umbrella contract, possibly with the University of New Mexico (UNM), Presbyterian, or Lovelace to provide medical services and is working to implement a pharmacy formulary price agreement to reduce drug cost. The committee supports the request for additional funds to improve medical services.

Over the last two years, the Legislature has replaced over \$6.2 million of federal funds previously available through Title XIX (Medicaid) targeted case management (TCM), and the department projects additional federal fund reductions. CYFD has been able to partially offset some of the decrease in this federal funding with increased Title IV-E (foster care) and Title XIX administrative funds, for a net general fund replacement request of \$700 thousand. As part of the access to quality child care expansion, the department requested the replacement of \$658 thousand child care block grant (CCBG) quality improvement federal funds used to support Teacher Education and Compensation Helps (T.E.A.C.H.) program scholarships and Technical Training and Assistance Program (TTAP). LFC recommends the replacement of these federal funds.

CYFD reported the number of children in protective custody increased 10 percent to 12 percent each year between 2003 and 2005, for an overall caseload increase of 24.3 percent; however, since 2005 the growth rate has slowed to 1 percent. The department strives to work with families to return children in temporary protective custody to their families, but when that's not possible, the department works to find an adoptive home for the child. With the number of children entering foster care slowing, the department has had greater success finding permanent adoptive homes, resulting in an adoption caseload increase of 8 percent. CYFD requested and the committee supports an increase of \$2 million for care and support subsidies paid to foster and adoptive parents as a result of the caseload increase.

The Family Services Division (FSD) provides a wide array of services to children and families, including child care, pre-kindergarten, home visiting, domestic violence prevention and intervention, and behavioral-health-related community services. The department requested and the committee supports an increase of \$98.3 thousand from a special appropriation in the General Appropriation Act of 2007 to fund 2 domestic violence FTE and \$125 thousand for homeless services from Laws 2007, Chapter 21, (Senate Bill 611) not previously considered recurring.

CYFD and the Public Education Department (PED) joined together to pilot a pre-kindergarten program that began providing services in August 2005. Total program funding has grown incrementally to \$14 million in FY08 serving 3,500 children. During this pilot stage, funding has been split evenly between CYFD and PED. CYFD did not request additional funding for the pre-kindergarten program and the committee does not recommend any additional increases at this time.

The home-visiting program has been restructured and incorporated into the Behavioral Health Collaborative ValueOptions contract. The new home-visiting program is structured around an intensive, medical/nurse-based model, similar to Silver City's First Born program. CYFD's program differs from the First Born model in that the agency is allowing a wider pool of providers, in contrast to services being solely the purview of a hospital. This is an improvement over the Welcome Baby program initially piloted. With half of New Mexico's babies born in the Medicaid program, the Legislature has tried to encourage CYFD to pursue a federal match with Medicaid funds; however, CYFD has done little to pursue or develop this funding stream. The Legislature in 2005 included language requiring a portion of the appropriation be matched with State Children's Health Insurance Program (SCHIP) funding; in 2006 the governor vetoed language that required quarterly reporting on agency progress securing the Medicaid match; in 2007 the governor vetoed language requiring a portion of the appropriation be matched with Medicaid funds. Other states that receive Medicaid funding for home-visiting initiatives are Louisiana, Georgia, and Oklahoma. The committee recommends at least \$250 thousand of the home-visiting appropriation be matched with Medicaid funds.

The committee recommendation includes \$3.6 million for domestic violence services, an increase of \$1 million over the FY08 operating budget. The \$3.6 million are Temporary Assistance for Needy Families (TANF) grant funds transferred from the Human Services Department.

CYFD has not had a planned information technology (IT) replacement strategy; instead, the department has purchased IT equipment with year-end budget surpluses, which have diminished in recent years. The department can not continue to operate without a dedicated IT funding stream. Approximately one quarter of critical IT infrastructure has reached the end of its lifecycle (warranty) or is expected to in FY09. Additionally, many of the desktop computers have Microsoft Office 2000 as an operating system -- a system three versions behind most other agencies, making it difficult to send and receive files. When compared with other large state agencies, CYFD only allocates 1.8 percent of the overall agency budget toward IT, while the Department of Health allocates 2.6 percent, and the Department of Transportation allocates 5.1 percent. The committee recommends \$700 thousand to implement a strategy to replace one quarter of IT infrastructure per year.

BASE EXPANSION:

Continuing to reform the juvenile justice system, CYFD requested \$4.4 million to improve behavioral health, education, training, employee recruitment, and facility specialization. Subsequent to submitting the budget request on September 1, the department shifted \$1.1 million of the expansion to a nonrecurring special appropriation request. Included in the expansion request is \$2 million to expand detention capacity; however, several existing facilities are underutilized. During the interim the department

reported it was considering moving YDDC to another location, but a comprehensive plan should be prepared for all facilities. The committee recommends \$100 thousand to improve library and education curricula, \$400 thousand and 3 education FTE to improve educational attainment in detention and reintegration centers, \$20 thousand for medical and behavioral health accreditation, and \$50 thousand to soften and maintain detention facilities in a manner consistent with the Missouri model.

National studies have shown that successful foster family recruitment and retention is tied to the level of reimbursement a family receives. CYFD identified a need to raise New Mexico's reimbursement rate by \$100 per month per placement. In 2006 the Legislature approved an increase of \$25 and in 2007 another increase of \$75. The committee supports the agency's request for \$471.4 thousand to raise the reimbursement the final \$25 to complete the \$100 per-month increase.

CYFD requested \$3.6 million to improve access and quality of child care services. The request included increasing the child care income eligibility limit to 200 percent of the federal poverty level (FPL), to add an additional 882 children. The child care program has experienced reduced enrollment and operates without a wait list even though the Legislature has increased funding and raised the eligibility limit. The committee does not recommend funding to raise the eligibility limit at this time but does recommend \$729.2 thousand and 2 FTE for quality improvements and to replace federal quality improvement grants that support T.E.A.C.H. and TTAP programs.

The home-visiting program aims to improve early health, developmental, and educational outcomes for infants and toddlers and improve the lives of their parents. The program is targeted toward first-time mothers and is intensive and medically based. The committee recommends an increase of \$1 million for program improvements and expanding the coverage area.

The children's trust fund works to enhance safety, permanency, and well-being for abused and neglected children through community-based programming. The committee recommends \$100 thousand to expand programming and broaden services to new areas of the state.

To improve fraud detection, increase the number of internal audits, and conduct administrative hearings, the committee recommends \$110 thousand to support 2 inspector general FTE.

To support increased and improved information technology such as Tele-Health, distance learning, and the family automated client tracking system (FACTS) the committee recommends \$90 thousand to support 1 new FTE.

RECOMMENDED LANGUAGE:

At least two hundred fifty thousand dollars (\$250,000) of the general fund appropriation for home visiting shall be used to match federal funds in the medicaid program.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
01	Juvenile Justice Commission recommendations	(JUVENILE)	4,371.7	570.0
02	Foster care rate increase	(PROT SRVCS)	731.1	731.1
03	Access to quality childcare	(FAM SRVCS)	3,591.8	729.2
04	Transitional youth	(PROT SRVCS)	993.2	0.0
05	Dictation services	(PROT SRVCS)	797.6	0.0
06	Quality assurance/staff retention	(PRG SUPPORT)	594.8	110.0
07	Information technology support staff	(PRG SUPPORT)	323.4	90.0
08	Behavioral health: rate equal & fac lic surv	(FAM SRVCS)	1,500.0	0.0
09	Home Visiting: happy health babies	(FAM SRVCS)	1,000.0	1,000.0
10	Foster care recruitment	(JUVENILE)	250.0	0.0
11	Electronic adoption file preservation	(PROT SRVCS)	684.6	0.0
12	Children's trust fund program	(FAM SRVCS)	100.0	100.0
TOTAL			14,938.2	3,330.3

JUVENILE JUSTICE

The purpose of the juvenile justice program is to provide rehabilitative services to youth committed to the department, including but not limited to medical, educational, mental health and other services, early intervention and prevention, detention and screening and probation and parole supervision aimed at keeping youth from committing additional delinquent acts.

BUDGET SUMMARY
(dollars in thousands)

	FY07	FY08	FY09 - 2008-2009		Percent Incr (Decr)
	2006-2007 <u>Actuals</u>	2007-2008 <u>Budgeted</u>	Agency <u>Request</u>	LFC <u>Recommendation</u>	
SOURCES					
General Fund Transfers	58,458.0	62,547.4	73,184.1	68,132.4	8.9
Other Transfers	2,817.9	1,906.2	2,155.1	2,155.1	13.1
Federal Revenues	146.7	0.0	0.0	0.0	
Other Revenues	1,277.8	1,654.5	1,654.5	1,654.5	0.0
Fund Balance	1,300.0	0.0	0.0	0.0	
SOURCES TOTAL	64,000.4	66,108.1	76,993.7	71,942.0	8.8
USES					
Personal Services and Employee Benefits	44,306.1	44,015.2	49,126.1	48,523.3	10.2
Contractual Services	11,871.1	14,148.9	17,821.0	14,792.9	4.6
Other	7,264.5	7,944.0	10,046.6	8,625.8	8.6
TOTAL USES	63,441.7	66,108.1	76,993.7	71,942.0	8.8
FTE					
Permanent	843.3	780.3	849.8	842.8	8.0
TOTAL FTE POSITIONS	843.3	780.3	849.8	842.8	8.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of eligible students graduating with a high school diploma while in a children, youth and families department facility school	35%	18%			
Outcome	Percent of clients receiving functional family therapy and multi-systemic therapy who have not committed a subsequent juvenile offense within two years of discharge from service	86.5%	84.4%	86.5%		
Outcome	Percent of students scoring at or above proficiency in mathematics portion of New Mexico standards-based assessments		2%			
* Outcome	Percent of incidents in juvenile justice service facilities requiring use of force resulting in injury				3.82%	3.82%
* Outcome	Percent of clients receiving functional family therapy who have not committed a subsequent juvenile offense within two years of discharge from service				86.5%	86.5%
* Outcome	Number of juvenile justice division facility clients age eighteen and older who enter adult corrections within two years post-discharge from a juvenile justice facility			TBD	TBD	<50
* Outcome	Percent of clients recommitted to a children, youth and families department facility within two years of discharge from facilities	13.6%	13%	11.5%	11.5%	11.5%
Outcome	Percent of eligible juvenile justice division facility students passing the New Mexico high school competency exam	17.0%				
Output	Percent of clients who complete formal probation	90%	90%	90%	90%	90%
* Output	Percent of re-adjudicated clients within two years of previous adjudication	6%	6.6%	5.8%	5.8%	5.8%
Output	Number of children in community corrections programs	982	1,214	800		1,250
Output	Percent of re-adjudicated clients on parole	12%	11.3%			
* Output	Percent of possible education credits earned by clients in juvenile justice division facilities	45%	47.5%	75%	75%	75%

PROTECTIVE SERVICES

The purpose of the protective services program is to receive and investigate referrals of child abuse and neglect and provide family preservation and treatment and legal services to vulnerable children and their families to ensure their safety and well-being.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	51,774.3	59,847.5	63,911.9	61,436.5	2.7
Other Transfers	7,976.4	2,458.9	993.5	993.5	-59.6
Federal Revenues	42,324.7	42,455.7	42,890.1	42,532.5	0.2
Other Revenues	1,566.3	1,602.4	1,566.3	1,566.3	-2.3
SOURCES TOTAL	103,641.7	106,364.5	109,361.8	106,528.8	0.2
USES					
Personal Services and Employee Benefits	46,714.0	48,292.4	45,861.6	45,761.6	-5.2
Contractual Services	8,210.1	9,210.9	12,042.5	9,400.5	2.1
Other	47,938.0	48,621.2	51,217.7	51,126.7	5.2
Other Financing Uses	207.8	240.0	240.0	240.0	0.0
TOTAL USES	103,069.9	106,364.5	109,361.8	106,528.8	0.2
FTE					
Permanent	833.5	853.5	814.0	814.0	-4.6
TOTAL FTE POSITIONS	833.5	853.5	814.0	814.0	-4.6

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
*	Outcome	Percent of children who are the subject of substantiated maltreatment within six months of a prior determination of substantiated maltreatment	7.2%	7.2%	7.1%	7%
	Outcome	Percent of children adopted within twenty-four months from entry into foster care	32.8%	38.1%	34%	34%
	Outcome	Percent of children in foster care for twelve months with no more than two placements	88%	86.1%	86.7%	86.7%
*	Outcome	Percent of children reunified with their natural families in less than twelve months of entry into care	87.9%	87.2%	85%	78%
*	Output	Percent of children who are the subject of substantiated maltreatment while in foster care	0.58%	0.83%	0.57%	0.57%
	Output	Number of children in foster care for up to twelve months with no more than two placement settings	2,145	2,232		

FAMILY SERVICES

The purpose of the family services program is to provide behavioral health, quality child care and nutrition services to children so they can enhance physical, social and emotional growth and development and can access quality care.

BUDGET SUMMARY (dollars in thousands)					
	FY07	FY08	FY09 - 2008-2009		
	2006-2007	2007-2008	Agency	LFC	Percent
	Actuals	Budgeted	Request	Recommendation	Incr
					(Decr)
SOURCES					
General Fund Transfers	51,285.4	63,570.6	70,988.5	66,625.9	4.8
Other Transfers	36,071.3	36,098.0	36,278.8	37,278.8	3.3
Federal Revenues	85,552.9	85,469.6	84,685.0	84,685.0	-0.9
Other Revenues	1,241.4	1,125.9	1,125.9	1,125.9	0.0
SOURCES TOTAL	174,151.0	186,264.1	193,078.2	189,715.6	1.9
USES					
Personal Services and Employee Benefits	11,203.0	11,429.4	11,871.0	11,735.4	2.7
Contractual Services	42,546.2	48,436.7	52,220.2	51,791.4	6.9
Other	110,827.9	125,878.1	128,667.1	125,868.9	0.0
Other Financing Uses	4,082.4	519.9	319.9	319.9	-38.5
TOTAL USES	168,659.5	186,264.1	193,078.2	189,715.6	1.9
FTE					
Permanent	148.3	150.3	202.3	198.3	31.9
Term	64.0	64.0	28.0	28.0	-56.3
TOTAL FTE POSITIONS	212.3	214.3	230.3	226.3	5.6

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of adult victims referred to direct legal services					
* Outcome	Percent of family providers participating in the child- and adult-care food program	89.6%	93%	90.5%	92%	93%
Outcome	Percent of licensed child care providers participating in stars/aim high levels two through five or with national accreditation	25.1%	46.4%	32%		50%
Outcome	Percent of children receiving behavioral health services who experience an improved level of functioning at discharge	48%		50%		
Outcome	Percent of adult victims receiving domestic violence services who show improved client competencies in social, living, coping and thinking skills	55.2%	53.3%	65%		60%
* Outcome	Percent of adult victims receiving domestic violence services living in a safer, more stable environment	71.4%	78%	85%		85%
Outcome	Percent of adult victims or survivors receiving domestic violence services who have an individualized safety plan				70%	70%
Outcome	Percent of domestic violence offenders who complete an abuser's intervention program				80%	
Outcome	Number of clients receiving multi-systemic therapy who have not committed a subsequent juvenile offence within two years of discharge from service				70%	70%
Outcome	Percent of children in state funded pre-kindergarten showing measurable progress on the preschool readiness kindergarten tool			79%	TBD	79%
* Outcome	Percent of domestic violence offenders who successfully complete an abuser's intervention program					80%
* Outcome	Percent of children receiving state subsidy in stars/aim high programs level two through five or with national accreditation	24.5%	45.4%	30%	50%	50%
Output	Number of adult victim witnesses receiving domestic violence services	4,475	6,209			6,500

PROGRAM SUPPORT

The purpose of program support is to provide the direct services divisions with functional and administrative support so they may provide client services consistent with the department's mission and also support the development and professionalism of employees.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 - 2008-2009</u>					Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	9,464.5	9,887.0	11,689.6	10,661.1	7.8	
Other Transfers	1,458.5	1,223.5	190.2	190.2	-84.5	
Federal Revenues	6,279.8	4,936.9	5,819.5	5,748.1	16.4	
SOURCES TOTAL	17,202.8	16,047.4	17,699.3	16,599.4	3.4	
USES						
Personal Services and Employee Benefits	10,831.8	11,268.4	11,803.1	11,472.1	1.8	
Contractual Services	1,784.3	1,854.2	1,854.2	1,682.9	-9.2	
Other	3,560.1	2,924.8	4,042.0	3,444.4	17.8	
TOTAL USES	16,176.2	16,047.4	17,699.3	16,599.4	3.4	
FTE						
Permanent	162.0	162.0	170.0	165.0	1.9	
TOTAL FTE POSITIONS	162.0	162.0	170.0	165.0	1.9	

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Average vacancy rate for child care eligibility interviewers				11%	
Outcome	Average vacancy rate for juvenile probation and parole officers				7%	7%
Outcome	Average vacancy rate for juvenile correctional officers				8%	8%
Outcome	Average vacancy rate for child welfare workers				12%	12%
* Output	Turnover rate for juvenile correctional officers	12.7%	19.8%	11.9%		11.9%
* Output	Turnover rate for child welfare case workers	20.1%	19.3%	15%		15%

STATUTORY AUTHORITY:

The Department of Military Affairs (DMA) operates pursuant to Article I, Section 8, of the Constitution of the United States and Article XVIII, Sections 1 and 2, of the Constitution of New Mexico. The department is established and governed by the New Mexico Military Code (Chapter 20 NMSA 1978). Although the governor is commander in chief of the state military forces, the adjutant general directs DMA and is appointed by the governor to a five-year term.

MISSION:

The department's primary mission is to provide the necessary infrastructure to support the Army and Air National Guard, State Defense Force, Civil Air Patrol, and the New Mexico Youth Challenge Academy.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	6,642.8	7,436.9	7,635.0	7,388.6	-0.6
Federal Revenues	8,695.7	11,406.2	12,124.1	12,124.1	6.3
Other Revenues	243.6	211.4	136.0	136.0	-35.7
SOURCES TOTAL	15,582.1	19,054.5	19,895.1	19,648.7	3.1
USES					
Personal Services and Employee Benefits	7,224.1	8,530.4	8,638.7	8,407.3	-1.4
Contractual Services	1,649.2	2,420.4	2,325.4	2,325.4	-3.9
Other	5,675.7	8,103.7	8,931.0	8,916.0	10.0
TOTAL USES	14,549.0	19,054.5	19,895.1	19,648.7	3.1
FTE					
Permanent	32.0	32.0	32.0	32.0	0.0
Term	118.0	127.0	136.0	136.0	7.1
TOTAL FTE POSITIONS	150.0	159.0	168.0	168.0	5.7

BUDGET ISSUES:

In statute, the adjutant general and deputy adjutant general are to receive the same pay and allowances as is prescribed by federal law and regulations for members of the active military, unless a different rate of pay and allowances is specified in the General Appropriation Act (GAA). In Laws 2007, Chapter 28, Section 4, the governor vetoed language regarding a different pay rate for the adjutant general and deputy adjutant general from GAA, thus requiring the state of New Mexico to provide salary and allowances at the federal level. The line-item veto boosted FY08 costs in personal services and employee benefits by \$131.6 thousand, a cost increase included in DMA's FY09 budget request. The LFC recommendation includes funding for the adjutant general position not to exceed range 34 in the governor's exempt plan and funding for the deputy adjutant general position not to exceed range 32 in the governor's exempt plan.

DMA's FY09 budget request showed an increase of \$717.9 thousand in federal revenues compared with the FY08 operating budget. The increase stemmed from additional federal funding for utility and lease costs, Operation Jump Start regarding border security, and physical security of armories statewide.

The New Mexico National Guard has 4,349 authorized military members in the Army and Air National Guard, 881 federal technicians and active guard reserve personnel, 168 state employees, and approximately 86 member in the State Defense Force. As of September 2007, 640 soldiers and airmen are currently deployed or scheduled to deploy.

The New Mexico Youth Challenge Academy graduated 177 cadets during 2007. To graduate from the academy, each cadet must complete a 22-week residential program that includes a curriculum of eight core components: academic excellence, physical fitness, leadership/followership, responsible citizenship, job skills, service to community, health/hygiene, and life coping skills. DMA reports that nearly half of the graduates obtained GEDs, 15-18 college credit hours, or job placement. Currently, 5 percent to 7 percent of graduates enlist in the military.

BASE EXPANSION:

DMA requested an expansion of \$358.9 thousand for 9 term FTE in the National Guard Support Program. These are 100 percent federally funded positions the department created based on availability of federal funds. These positions are to support federal missions to be carried out by the department. DMA reports once the missions are completed or the federal money is exhausted, the term positions will be eliminated. LFC recommends the expansion of 9 term FTE to support the agency's goals and missions.

DMA requested a \$15 thousand general fund expansion of the Civil Air Patrol School Enrichment Program. The purpose of the school enrichment program is to influence students to make positive life choices through leadership, character counts, physical fitness, and aerospace education. The additional funding would allow the program to extend from sixth and ninth grade students to include seventh and tenth grade students. DMA states performance data is not available due to no funding in the 2006-2007 school year and smaller funding levels in prior years. The agency reports that currently the majority of students in the program are showing improvement in behavior and discipline. LFC does not recommend the expansion.

DMA requested a \$25 thousand general fund expansion of the Civil Air Patrol (CAP) proficiency flying program. The proficiency flying program allows CAP pilots to log flight hours in order to remain or reacquire proficiency while assisting with unfunded state mission, such as patrols over reservoirs and lakes in support of the Coast Guard Auxiliary or other agencies. Currently, 20-25 pilots participate in each proficiency flying mission. The additional funding would cover the increased cost of fuel and maintenance for CAP aircraft to allow this program to expand. LFC recommends the expansion to ensure CAP pilots are able to maintain their flying proficiency.

RECOMMENDED LANGUAGE:

The general fund appropriation to the national guard support program of the department of military affairs in the personal services and employee benefits category includes funding for the adjutant general position not to exceed range thirty-four in the governor's exempt plan and funding for the deputy adjutant general position not to exceed range thirty-two in the governor's exempt plan.

The general fund appropriation to the national guard support program of the department of military affairs in the other category includes seventy-five thousand dollars (\$75,000) for expenditures for the employee support of guard and reserve program.

The general fund appropriation to the national guard support program of the department of military affairs in the other category includes one million two hundred twenty-eight thousand dollars (\$1,228,000) for the service members' life insurance reimbursement fund.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Additional 9 FTEs (Federal Funds)	(NATL GUARD)	358.9	358.9
2	Civil air patrol school enrichment (GF)	(RESPONSE)	15.0	0.0
3	Civil air patrol proficiency flying (GF)	(RESPONSE)	25.0	25.0
TOTAL			398.9	383.9

NATIONAL GUARD SUPPORT

The purpose of the national guard support program is to provide administrative, fiscal, personnel, facility construction and maintenance support to the New Mexico national guard military and civilian activities so they can maintain a high degree of readiness to respond to state and federal missions.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	5,407.7	6,088.9	6,249.0	6,017.6	-1.2
Federal Revenues	6,552.2	9,726.2	10,444.1	10,444.1	7.4
Other Revenues	125.4	211.4	136.0	136.0	-35.7
SOURCES TOTAL	12,085.3	16,026.5	16,829.1	16,597.7	3.6
USES					
Personal Services and Employee Benefits	5,277.1	6,399.3	6,465.6	6,234.2	-2.6
Contractual Services	1,121.6	1,825.7	1,802.6	1,802.6	-1.3
Other	5,253.9	7,801.5	8,560.9	8,560.9	9.7
TOTAL USES	11,652.6	16,026.5	16,829.1	16,597.7	3.6
FTE					
Permanent	31.0	31.0	31.0	31.0	0.0
Term	71.0	80.0	89.0	89.0	11.3
TOTAL FTE POSITIONS	102.0	111.0	120.0	120.0	8.1

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Outcome	Rate of attrition of the New Mexico army national guard	16%	12%	14%	16%	16%
* Outcome	Percent of strength of the New Mexico national guard	87%	90%	88%	88%	88%

CRISIS RESPONSE PROGRAM

The purpose of the crisis response program is to provide resources and a highly trained and experienced force to protect the public and improve the quality of life for New Mexicans.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,235.1	1,348.0	1,386.0	1,371.0	1.7
Federal Revenues	2,143.5	1,680.0	1,680.0	1,680.0	0.0
Other Revenues	118.2	0.0	0.0	0.0	***
SOURCES TOTAL	3,496.8	3,028.0	3,066.0	3,051.0	0.8
USES					
Personal Services and Employee Benefits	1,947.0	2,131.1	2,173.1	2,173.1	2.0
Contractual Services	527.6	594.7	522.8	522.8	-12.1
Other	421.8	302.2	370.1	355.1	17.5
TOTAL USES	2,896.4	3,028.0	3,066.0	3,051.0	0.8
FTE					
Permanent	1.0	1.0	1.0	1.0	0.0
Term	47.0	47.0	47.0	47.0	0.0
TOTAL FTE POSITIONS	48.0	48.0	48.0	48.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of cadets successfully graduating from the youth challenge academy	97%	89%	100%	90%	90%
* Output	Percent of New Mexico youth challenge academy cadets who earn their high school equivalency annually	52%	49%		48%	48%

STATUTORY AUTHORITY:

The statutory authority and responsibilities of the Parole Board are outlined in the Parole Board Act (Section 31-21-22 through 31-21-26 NMSA 1978) and the Probation and Parole Act (Sections 31-21-3 through 31-21-19 NMSA 1978). Although the Parole Board is administratively attached to the Corrections Department, it functions as an independent state agency charged with the responsibility of paroling adults incarcerated within the Corrections Department.

MISSION:

The Parole Board grants, denies, or revokes parole, conducts investigations, summons witnesses, and adopts rules and regulations for the effective discharge of the duties of the board. Besides conducting parole release and revocation hearings and reviewing parolee discharge plans, the Parole Board also provides recommendations to the governor on applications for executive clemency.

BUDGET SUMMARY (dollars in thousands)						
				FY09 – 2008-2009		
		FY07	FY08	Agency	LFC	Percent
		2006-2007	2007-2008	Request	Recommendation	Incr
		Actuals	Budgeted			(Decr)
SOURCES						
	General Fund Transfers	475.3	488.1	584.2	547.8	12.2
	SOURCES TOTAL	475.3	488.1	584.2	547.8	12.2
USES						
	Personal Services and Employee Benefits	297.5	328.8	415.6	349.3	6.2
	Contractual Services	5.4	5.6	7.7	37.7	573.2
	Other	123.4	153.7	160.9	160.8	4.6
	TOTAL USES	426.3	488.1	584.2	547.8	12.2
FTE						
	Permanent	6.0	6.0	7.0	6.0	0.0
	TOTAL FTE POSITIONS	6.0	6.0	7.0	6.0	0.0

BUDGET ISSUES:

In FY07, the Parole Board conducted 3,841 hearings. Of those hearings, 2,693, or 70.1 percent, were regular hearings setting conditions for parole, and 1,148, or 29.9 percent, were revocation hearings where the board decides whether a parolee is returned to incarceration or re-paroled into the community.

The Parole Board's staff issues the parole certificates required to release an offender on parole from a state correctional facility. In FY07, the board staff processed and issued 2,829 parole certificates. The LFC's "Review of Management and Video Conferencing Readiness" (May 23, 2007) recommended the Parole Board continue to strictly adhere to its internal performance target of issuing parole certificates within 10 working days or less after a hearing. Also, the review recommended that the Parole Board make the internal measure a performance measure, which the board proposed for FY09 and the Department of Finance Administration approved.

Section 31-21-10.1 NMSA 1978 states the district court is to include a provision in the judgment and sentence that specifically requires sex offenders to serve an indeterminate period of supervised parole for a period of not less than five years and not more than 20 years. The statute states the Parole Board is to review the terms and conditions of a sex offender's supervised parole every two and a half years after a sex offender has served the initial five years of supervised parole. The first of these reviews were conducted in October 2008, and the board anticipates that it will conduct 100 reviews by the end of FY08.

BASE EXPANSION:

The Parole Board requested \$66.4 thousand for a business information technology (IT) analyst FTE. The Parole Board reports the position will assist with IT planning, address a plan for archiving and electronic documentation, facilitate video conference parole hearings, and support an agency website. Also, the position would be used to assist with victim notification automation to the district attorneys and setting up procedures and policies for parole hearings associated with the sex offender laws. The LFC's "Review of Management and Video Conferencing Readiness" recommended the agency request funding for a term IT business analyst that, after one year, would be replaced by a permanent, half-time applications developer. The review stated if funding is not available to hire IT staff, the Parole Board should request funding for a workflow analysis contractor to study and automate internal business processes and information needs. Also, the review stated the Parole Board should develop a video hearing roll-out plan. LFC recommends an expansion of \$30 thousand for contractual services to conduct an IT workflow analysis and develop a video hearing roll-out plan.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
*	Contract for workflow analysis	(PAROLE BD)	0.0	30.0
1	Business IT analyst position (1 FTE)	(PAROLE BD)	66.4	0.0
TOTAL			66.4	30.0

*The department did not request this item as an expansion to the base.

PAROLE BOARD

The purpose of the adult parole program is to provide and establish parole conditions and guidelines for inmates and parolees so they may reintegrate back into the community as law-abiding citizens.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
*	Outcome			New	95%	95%
	Outcome					
	Output					
*	Efficiency					
*	Efficiency					

STATUTORY AUTHORITY:

Sections 32A-7-1 through 32A-7-9 NMSA 1978 provide for the creation of the Juvenile Parole Board. The board is administratively attached to the Children, Youth and Families Department (CYFD); however, the board's powers are exclusive and its budget is separate from CYFD.

MISSION:

The mission of the Juvenile Parole Board is to grant, deny, or revoke parole for children through a fair and impartial hearing and to assure that incarcerated youth have received rehabilitative services through the juvenile justice system administered by CYFD.

BUDGET SUMMARY (dollars in thousands)						
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 – 2008-2009		Percent Incr (Decr)	
			Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	401.3	434.4	437.6	437.6	0.7	
SOURCES TOTAL	401.3	434.4	437.6	437.6	0.7	
USES						
Personal Services and Employee Benefits	347.5	373.8	372.2	372.2	-0.4	
Contractual Services	5.6	5.6	7.0	7.0	25.0	
Other	40.8	55.0	58.4	58.4	6.2	
TOTAL USES	393.9	434.4	437.6	437.6	0.7	
FTE						
Permanent	6.0	6.0	6.0	6.0	0.0	
TOTAL FTE POSITIONS	6.0	6.0	6.0	6.0	0.0	

BUDGET ISSUES:

The \$3.2 thousand increase in the board's FY09 request supports an estimated increase for the annual audit and General Services Department rates. LFC recommendation supports the board's request.

The Juvenile Parole Board (JPB) works closely with CYFD to ensure consistency in juvenile justice goals and policies. Over the last several years the number of juveniles in detention has decreased as CYFD redirected the focus of New Mexico's juvenile justice system to a community-based monitoring and treatment approach. This new focus has resulted in fewer children being held in detention facilities and fewer parole hearings.

Youth with minor offenses are no longer being sent to detention; instead they are remaining in their communities and receiving alternative rehabilitative care. Those being sent to detention are clients with multiple rehabilitative barriers. A "harder" detention population spills over to a "harder" population eligible for parole.

As evidenced in the performance measures, the percentage of successful parole completers has declined. The decline is due to a higher percentage of juveniles serving their full commitment and "timing out." Recent changes to the Children Code requires parole the last 90 days of a juvenile's sentence. With the introduction of the mandatory parole period, all detained youth are paroled whether they are ready or not. With the "harder" detention population, often the youth aren't ready for parole; therefore, a higher percentage of youth are failing the conditions of parole.

JUVENILE PAROLE BOARD

The purpose of the juvenile parole program is to provide fair and impartial hearings through reviews to incarcerated youth so they can mainstream into society as law-abiding citizens.

PERFORMANCE MEASURES

		FY06	FY07	FY08	FY09	FY09
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
Output	Percent of clients reviewed at 40 days		42%	95%	95%	95%
Output	Percent of clients reviewed every 90 days		100%	95%	95%	95%
Output	Number of client reviews held by the staff	1,453	851	1,453	900	900
Outcome	Percent of residents paroled that successfully complete the conditions of parole	45%	40%	60%	60%	45%
Outcome	Number of individual parole hearings held by the juvenile parole board	290	254	300	250	300

STATUTORY AUTHORITY:

The purpose of the Corrections Department Act, as outlined in Sections 9-3-1 through 9-3-12 NMSA 1978, is to create a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the Corrections and Criminal Rehabilitation Department and to ensure a comprehensive criminal justice system in New Mexico.

MISSION:

The mission of the New Mexico Corrections Department (NMCD) is to provide a balanced approach to corrections from incarceration to community-based supervision with training, education, rehabilitation programs, and services that provide opportunities for offenders to transition to communities.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	240,738.7	277,387.7	309,650.4	294,672.1	6.2
Other Transfers	5,388.1	608.8	442.2	442.2	-27.4
Federal Revenues	449.1	119.8	108.5	108.5	-9.4
Other Revenues	19,344.4	20,854.1	22,176.3	22,168.3	6.3
Fund Balance	545.7	545.7	545.7	545.7	0.0
SOURCES TOTAL	266,466.0	299,516.1	332,923.1	317,936.8	6.2
USES					
Personal Services and Employee Benefits	116,472.7	132,533.4	140,291.6	134,922.3	1.8
Contractual Services	35,996.9	42,118.0	55,106.2	53,957.0	28.1
Other	105,378.3	123,733.3	137,525.3	129,057.5	4.3
Other Financing Uses	1,311.5	1,131.4	0.0	0.0	-100.0
TOTAL USES	259,159.4	299,516.1	332,923.1	317,936.8	6.2
FTE					
Permanent	2,420.5	2,469.5	2,533.5	2,480.5	0.4
Term	32.0	33.0	48.0	48.0	45.5
TOTAL FTE POSITIONS	2,452.5	2,502.5	2,581.5	2,528.5	1.0

BUDGET ISSUES:

The total state inmate population grew by an average of 4.1 percent between FY01 and FY06. In FY07, the male inmate population dropped by 250, or 4.1 percent and the female inmate population dropped by 73, or 10.4 percent. As of mid-November, the male inmate trend rate of growth for FY08 was 0.3 percent, and the female inmate trend rate of growth was a negative 4 percent. As of November 20, 2007, there was 6,522 inmates in NMCD public and private facilities. Of that number, 5,933 were male inmates and 589 were female inmates. NMCD reports that the factors leading to the decline in inmate population are unknown. This decline poses challenges with the expected completion of the private Northeastern New Mexico Detention Facility with 600 beds contracted to the department beginning July 2008.

The LFC recommendation of a \$17.3 million increase in appropriations from the general fund supports NMCD's request for an average daily population in FY09 of 6,949, an increase of 209 inmates, or 3.1 percent, over FY08. The increase is in alignment with the department's projected average daily population of 6,740 inmates by the end of FY08. The LFC recommendation supports male inmates being housed at the private correctional facilities at the guaranteed minimum number for inmate beds. The inmate population at private facilities would be as follows: Lea County Correctional Facility with 1,080, Guadalupe County Correctional Facility with 540, Santa Fe County Detention Center with 92, and Northeastern New Mexico Detention Facility with 540. This would require housing 3,777 male inmates in public facilities at 92 percent operational capacity. The recommendation provides a decrease of \$1.1 million for private prison contracts in FY09. LFC recommends general fund increases of \$11.7 million for medical services, \$1.9 million for General Service Department and Department of Information Technology rate increases, \$878.3 thousand for building maintenance, \$934.3 thousand for probation and parole office leases, \$522 thousand for capital outlay items (kitchen equipment, transportation vans, security equipment, etc.), and \$233.5 thousand for inmate food.

NMCD reports its average vacancy rate in FY07 was 16.7 percent in the Inmate and Management Control Program, 9.5 percent in the Inmate Programming Program, 5.4 percent in the Corrections Industries Program, 12.2 percent in the Community Offender Management Program, 8.3 percent in the Community Corrections Program, and 19.8 percent in Program Support. NMCD assumed vacancy savings in its FY09 budget request of 2 percent in Program Support and 4 percent to 5 percent for the other five programs. As of September 30, 2007, the turnover rate of correctional officers was 12.4 percent. LFC recommends a 6 percent vacancy rate totaling \$7.8 million in all programs, with the exception of the Corrections Industries Program, which is funded by other revenues only.

NMCD requested the following shift in FTE for FY09: 1 FTE in Inmate Programming Program and 1 FTE in Community Offender Management Program to move to the Inmate Management and Control Program. The shifts in FTE are due to departmental reorganization to standardize the business offices and record bureaus at all facilities. The LFC recommendation approves the movement of FTE as requested by the department.

BASE EXPANSION:

NMCD requested expansions of \$939.2 thousand in the Inmate Management and Control Program, \$719.7 thousand in the Inmate Programming Program, \$3.9 million in the Community Offender Management Program, and \$51.9 thousand in Program Support. The expansion requests were for increases in FTE, sex offender treatment, success for offenders after release program, residential substance abuse treatment, project power, and addiction services. The residential substance abuse treatment and project power expansions totaling \$423.1 thousand were due to loss of federal funding.

LFC recommends \$577.8 thousand in other revenues, from the New Mexico Department of Transportation (NMDOT), to add 15 term correctional officer positions to the NMDOT work crews due to a new joint powers agreement. The new agreement calls for including an additional correctional officer for each detail so that two correctional officers are assigned to each crew.

LFC recommends \$26.7 thousand from the general fund for an additional FTE to assist with payroll at Western New Mexico Correctional Facility. NMCD reports that in 2006 the payroll officer worked approximately 322 hours in overtime and that the payroll officer's overtime in 2007 will cost approximately \$11.8 thousand. The expansion will cost approximately \$32,427 for salaries and benefits; however, the new position will also reduce overtime costs by \$12 thousand.

LFC recommends \$71.2 thousand from the general fund for two assistant business managers at the Roswell and Springer correctional centers. NMCD states an internal control problem exists at these institutions due to having the same individual in charge of purchasing also responsible for paying those purchases. NMCD is standardizing the business offices at all facilities, making it necessary to add the assistant business manager positions.

Finally, LFC recommends \$527.1 thousand from the general fund for 7 additional FTE probation and parole officers and 1 additional FTE office support. The additional FTE are to assist in lowering probation and parole officer caseloads and in increasing the effectiveness of the reentry process to ensure the successful transition of offenders back into the community. NMCD reports that, without the additional officers, violent offenders will not receive adequate supervision.

RECOMMENDED LANGUAGE:

The general fund appropriations to the inmate management and control program of the corrections department include fifty-one million three hundred eighty-one thousand seven hundred dollars (\$51,381,700) for medical services, a comprehensive medical contract and other health-related expenses.

The general fund appropriations to the community offender management program of the corrections department include one million four hundred fifty thousand dollars (\$1,450,000) to provide residential treatment, mental health, substance abuse, parenting and reintegration services for women under the supervision of the probation and parole division and their children as appropriate.

No more than one million dollars (\$1,000,000) of the general fund appropriation to the community offender management program of the corrections department shall be used for detention costs for parole violators.

The general fund appropriations to the community offender management program of the corrections department include three hundred fifty thousand dollars (\$350,000) for the residential evaluation and treatment center at Fort Stanton as a sentencing alternative to incarceration for selected nonviolent prisoners and parole violators.

The general fund appropriations to the community offender management program of the corrections department include four hundred fifty-two thousand five hundred dollars (\$452,500) to continue treatment services for drug court.

The appropriations for the community corrections program of the corrections department are appropriated to the community corrections grant fund.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
01	Sex offender GPS monitoring (16 FTE)	(OFFENDER MG)	2,870.2	0.0
02	P&P - increased caseload (16 FTE)	(OFFENDER MG)	1,054.2	527.1
03	Sex offender treatment program (11 FTE)	(MGMT CONTRL)	225.0	0.0
04	Federal fund replacement project power	(PROG)	155.4	0.0
05	RSAT grant federal fund replace (5 FTE)	(PROG)	267.7	0.0
06	Addiction services treatment (5 FTE)	(PROG)	6.4	0.0
07	IT parole board support (1 FTE)	(PRG SUPPORT)	51.9	0.0
08	Business office - RCC/SCC (2 FTE)	(MGMT CONTRL)	71.2	71.2
09	Human resources - WNMCF (1 FTE)	(MGMT CONTRL)	26.7	26.7
10	CO specialist RCC (1 FTE)	(MGMT CONTRL)	38.5	0.0
11	Highway JPA crews (15 FTE)	(MGMT CONTRL)	577.8	577.8
12	SOAR program (6 FTE)	(PROG)	290.2	0.0
TOTAL			5,635.2	1,202.8

INMATE MANAGEMENT AND CONTROL

The purpose of the inmate management and control program is to incarcerate in a humane, professionally sound manner offenders sentenced to prison and to provide safe and secure prison operations. This includes quality hiring and in-service training of correctional officers, protecting the public from escape risks and protecting prison staff, contractors and inmates from violence exposure to the extent possible within budgetary resources.

**BUDGET SUMMARY
(dollars in thousands)**

			FY09 - 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	196,144.9	226,821.4	248,924.1	240,589.6	6.1
Other Transfers	3,803.9	150.0	25.0	25.0	-83.3
Other Revenues	11,345.6	11,460.7	13,918.2	13,918.2	21.4
SOURCES TOTAL	211,294.4	238,432.1	262,867.3	254,532.8	6.8
USES					
Personal Services and Employee Benefits	83,754.4	95,344.6	99,143.9	97,203.3	1.9
Contractual Services	35,195.7	40,699.4	53,780.4	52,432.4	28.8
Other	86,217.0	102,388.1	109,943.0	104,897.1	2.5
TOTAL USES	205,167.1	238,432.1	262,867.3	254,532.8	6.8
FTE					
Permanent	1,797.0	1,794.0	1,811.0	1,799.0	0.3
Term	26.0	27.0	42.0	42.0	55.6
TOTAL FTE POSITIONS	1,823.0	1,821.0	1,853.0	1,841.0	1.1

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent turnover of correctional officers	20.91%	14.65%	13%	13%	13%
* Outcome	Percent of women offenders successfully released in accordance with their scheduled release dates	80.47%	74.50%	95%	95%	95%
* Outcome	Percent of male offenders successfully released in accordance with their scheduled release dates				85%	85%
* Output	Percent of inmates testing positive for drug use or refusing the random monthly drug test	2.06%	1.61%	<=2%	<=2%	<=2%
* Output	Graduation rate of correctional officer cadets from the corrections department training academy	84%	89.53%	84%	85%	90%
* Output	Number of serious inmate-to-inmate assaults in private and public facilities	24	16	24	24	24
* Output	Number of serious inmate-to-staff assaults in private and public facilities	7	7	10	7	7
* Efficiency	Daily cost per inmate, in dollars	\$81.35	\$85.60	\$88.27	\$97.01	\$92.64

INMATE PROGRAMMING

The purpose of the inmate programming program is to provide motivated inmates the opportunity to participate in appropriate programs and services so they have less propensity toward violence while incarcerated and the opportunity to acquire living skills and links to community support systems that can assist them on release.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	10,686.9	9,466.8	11,403.6	10,058.6	6.3
Other Transfers	347.4	223.2	185.2	185.2	-17.0
Federal Revenues	263.7	119.8	108.5	108.5	-9.4
Other Revenues	6.2	5.5	5.5	5.5	0.0
SOURCES TOTAL	11,304.2	9,815.3	11,702.8	10,357.8	5.5
USES					
Personal Services and Employee Benefits	7,958.3	8,406.9	9,723.5	8,297.9	-1.3
Contractual Services	402.0	832.7	673.8	872.6	4.8
Other	2,394.8	575.7	1,305.5	1,187.3	106.2
TOTAL USES	10,755.1	9,815.3	11,702.8	10,357.8	5.5
FTE					
Permanent	135.5	143.5	158.5	142.5	-0.7
Term	2.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	137.5	145.5	160.5	144.5	-0.7

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Recidivism rate of the success for offenders after release program by thirty-six months	40.77%	37.63%	40%	40%	38%
* Output	Percent of released inmates who were enrolled in the success for offenders after release program who are now gainfully employed	70.2%	75%	75%	75%	75%
* Output	Percent of eligible inmates who earn a general equivalency diploma			New	75%	75%
* Output	Percent of participating inmates completing adult basic education	34%	27%	New	30%	30%

CORRECTIONS INDUSTRIES

The purpose of the corrections industries program is to provide training and work experience opportunities for inmates to instill a quality work ethic and to prepare them to perform effectively in an employment position and to reduce idle time of inmates while in prison.

BUDGET SUMMARY (dollars in thousands)					
	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	307.2	0.0	0.0	0.0	***
Other Transfers	0.5	0.0	0.0	0.0	***
Other Revenues	4,612.3	6,719.2	6,585.4	6,585.4	-2.0
SOURCES TOTAL	4,920.0	6,719.2	6,585.4	6,585.4	-2.0
USES					
Personal Services and Employee Benefits	2,074.0	2,519.4	2,445.0	2,445.0	-3.0
Contractual Services	6.4	20.6	20.6	20.6	0.0
Other	3,512.0	4,079.2	4,119.8	4,119.8	1.0
Other Financing Uses	0.0	100.0	0.0	0.0	-100.0
TOTAL USES	5,592.4	6,719.2	6,585.4	6,585.4	-2.0
FTE					
Permanent	33.0	38.0	38.0	38.0	0.0
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	37.0	42.0	42.0	42.0	0.0

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Outcome	Profit and loss ratio	8.6% loss		break even	break even	break even
* Outcome	Percent of eligible inmates employed	10.07%	11%	11%	11%	11%

COMMUNITY OFFENDER MANAGEMENT

The purpose of the community offender management program is to provide programming and supervision to offenders on probation and parole, with emphasis on high-risk offenders, to better ensure the probability of them becoming law-abiding citizens, to protect the public from undue risk and to provide intermediate sanctions and post-incarceration support services as a cost-effective alternative to incarceration.

BUDGET SUMMARY (dollars in thousands)					
	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	22,149.0	29,240.5	35,849.0	31,390.1	7.4
Other Transfers	1,006.2	0.0	0.0	0.0	***
Federal Revenues	185.4	0.0	0.0	0.0	***
Other Revenues	1,915.2	1,528.0	1,536.0	1,528.0	0.0
SOURCES TOTAL	25,255.8	30,768.5	37,385.0	32,918.1	7.0
USES					
Personal Services and Employee Benefits	16,109.5	18,893.9	21,168.5	19,510.6	3.3
Contractual Services	29.1	92.3	38.9	38.9	-57.9
Other	8,427.5	11,782.3	16,177.6	13,368.6	13.5
TOTAL USES	24,566.1	30,768.5	37,385.0	32,918.1	7.0
FTE					
Permanent	344.0	381.0	412.0	388.0	1.8
TOTAL FTE POSITIONS	344.0	381.0	412.0	388.0	1.8

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent turnover of probation and parole officers	17.75%	25.81%	15%	21%	21%
* Outcome	Percent of out-of-office contacts per month with offenders on high and extreme supervision on standard caseloads	58%	75%	90%	90%	90%
* Output	Percent of absconders apprehended	14%	13%	New	15%	15%
* Quality	Average standard caseload per probation and parole officer	109	120	92	92	92
* Quality	Average intensive supervision program caseload per probation and parole officer	21	21	20	20	20
* Quality	Average number of offenders in intensive or high risk supervision	NA	NA	New	25	25

COMMUNITY CORRECTIONS/VENDOR RUN

The purpose of the community corrections/vendor-run program is to provide selected offenders on probation and parole with residential and nonresidential service settings and to provide intermediate sanctions and post-incarceration support services as a cost-effective alternative to incarceration without undue risk to the public.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY07 2006-2007 Actuals</u>	<u>FY08 2007-2008 Budgeted</u>	<u>FY09 - 2008-2009</u>		<u>Percent Incr (Decr)</u>
			<u>Agency Request</u>	<u>LFC Recommendation</u>	
SOURCES					
General Fund Transfers	3,858.2	3,881.2	4,369.1	3,914.8	0.9
Other Revenues	39.1	51.7	51.7	51.7	0.0
Fund Balance	545.7	545.7	545.7	545.7	0.0
SOURCES TOTAL	4,443.0	4,478.6	4,966.5	4,512.2	0.8
USES					
Personal Services and Employee Benefits	644.2	833.7	884.3	831.3	-0.3
Contractual Services	0.0	57.3	57.3	57.3	0.0
Other	3,345.6	3,587.6	4,024.9	3,623.6	1.0
TOTAL USES	3,989.8	4,478.6	4,966.5	4,512.2	0.8
FTE					
Permanent	17.0	17.0	17.0	17.0	0.0
TOTAL FTE POSITIONS	17.0	17.0	17.0	17.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Percent of male offenders who complete the residential treatment center program at Fort Stanton			New	75%	75%
* Output	Average community corrections program caseload per probation and parole officer	32	32	New	30	30

PROGRAM SUPPORT

The purpose of program support is to provide quality administrative support and oversight to the department operating units to ensure a clean audit, effective budget, personnel management and cost-effective management information system services.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	7,592.5	7,977.8	9,104.6	8,719.0	9.3
Other Transfers	230.1	235.6	232.0	232.0	-1.5
Other Revenues	1,426.0	1,089.0	79.5	79.5	-92.7
SOURCES TOTAL	9,248.6	9,302.4	9,416.1	9,030.5	-2.9
USES					
Personal Services and Employee Benefits	5,932.3	6,534.9	6,926.4	6,634.2	1.5
Contractual Services	363.7	415.7	535.2	535.2	28.7
Other	1,481.4	1,320.4	1,954.5	1,861.1	40.9
Other Financing Uses	1,311.5	1,031.4	0.0	0.0	-100.0
TOTAL USES	9,088.9	9,302.4	9,416.1	9,030.5	-2.9
FTE					
Permanent	94.0	96.0	97.0	96.0	0.0
TOTAL FTE POSITIONS	94.0	96.0	97.0	96.0	0.0

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Outcome	Percent of prisoners reincarcerated within twelve months of being released from the New Mexico corrections department prison system into community supervision or discharged	30.24%	32.13%	30%	30%	30%
* Outcome	Percent of prisoners reincarcerated within twenty-four months of being released from the New Mexico corrections department prison system into community supervision or discharged	38.22%	41.87%	38%	38%	38%
* Outcome	Percent of prisoners reincarcerated within thirty-six months of being released from the New Mexico corrections department prison system into community supervision or discharged	46.72%	43.11%	47%	47%	47%
* Outcome	Percent of sex offenders reincarcerated within thirty-six months of being released from the New Mexico corrections department prison system into community supervision or discharged	28.10%	39.47%	33%	40%	40%

STATUTORY AUTHORITY:

The Crime Victims Reparation Commission was created by Section 31-22-4 NMSA 1978 to provide a mechanism for compensating crime victims or their dependents for death or bodily injury resulting from violent crimes. Eligibility for reparation awards, limits on the award per victim, and required deductions for payments received from collateral sources are specified by law. The commission board consists of five gubernatorial appointees and operates under the Crime Victims Reparation Act (Section 31-22-1 through 31-22-24 NMSA 1978). The authority to administer the federal Victims of Crime Act grant and the S.T.O.P. Violence Against Women Act grant is through executive orders.

MISSION:

The mission of the Crime Victim Reparation Commission is to assist victims of violent crime by providing reimbursement for certain eligible expenses related to the crime and by making distributions of federal grants for victims' assistance in accordance with federal guidelines.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	2,120.6	2,242.8	2,302.6	2,300.0	2.6
Federal Revenues	4,094.0	5,034.6	4,790.0	4,790.0	-4.9
Other Revenues	517.5	450.0	450.0	450.0	0.0
SOURCES TOTAL	6,732.1	7,727.4	7,542.6	7,540.0	-2.4
USES					
Personal Services and Employee Benefits	906.7	1,058.6	1,116.0	1,113.4	5.2
Contractual Services	208.2	309.7	327.5	327.5	5.7
Other	4,749.6	5,394.1	5,199.1	5,199.1	-3.6
Other Financing Uses	579.7	965.0	900.0	900.0	-6.7
TOTAL USES	6,444.2	7,727.4	7,542.6	7,540.0	-2.4
FTE					
Permanent	15.0	15.0	16.0	16.0	6.7
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	19.0	19.0	20.0	20.0	5.3

BUDGET ISSUES:

The federal Victims of Crime Act (VOCA) compensation grant is formula based. The Crime Victims Reparation Commission (CVRC) is required to submit the total amount paid to victims with nonfederal funds during the prior federal fiscal year. This amount is then multiplied by 60 percent to determine the amount New Mexico will receive from the VOCA compensation grant the next federal fiscal year. When CVRC has large payout amounts in general and restitution funds in a year, it results in large federal VOCA compensation grant funding the next year. CVRC received an increase in general fund monies of \$311.5 thousand for care and support payouts to victims in FY07, which generated an increase of \$315 thousand in federal VOCA compensation grant funding in FY08. CVRC reports that victim payouts have stabilized over the last three years, and because of this the agency will not require an increase in general fund in FY09 to maintain the current level of services to crime victims.

In FY07, CVRC processed 305 claims for child sexual abuse and 47 for physical abuse with a payout of \$162.3 thousand; 69 drunken driving claims including 28 involving deaths, with a payout of \$72.3 thousand; and 200 domestic violence claims, including 15 homicides, with a payout of \$363.7 thousand.

CVRC's "Advocacy in Action" conference, held in March 2007, had over 600 attendees. The conference provides training and current information on topics such as domestic violence, sexual assault, and driving while intoxicated. CVRC provided scholarships to law enforcement, child protective services staff, and probation and parole officers.

BASE EXPANSION:

CVRC is requesting \$31.1 thousand for an additional financial specialist FTE. Currently, CVRC's financial staff consists of a chief financial officer and business operations specialist whose job duties are split between human resources and finances. CVRC reports the agency is responsible for processing 3,000 victim payment claims and for processing claims for victims and sub-grantees totaling over \$5.5 million annually. LFC recommends the expansion for a financial specialist position.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank	(Program)	Agency Request	LFC Recommendation
1	Financial specialist (VICTIM COMP)	31.1	31.1
TOTAL		31.1	31.1

VICTIM COMPENSATION

The purpose of the victim compensation program is to provide financial assistance and information to victims of violent crime in New Mexico so they can receive services to restore their lives.

**BUDGET SUMMARY
(dollars in thousands)**

	FY09 - 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	2,120.6	2,242.8	2,302.6	2,300.0	2.6
Other Revenues	517.5	450.0	450.0	450.0	0.0
SOURCES TOTAL	2,638.1	2,692.8	2,752.6	2,750.0	2.1
USES					
Personal Services and Employee Benefits	672.0	820.0	856.9	854.3	4.2
Contractual Services	188.5	281.7	299.5	299.5	6.3
Other	1,135.1	1,591.1	1,596.2	1,596.2	0.3
TOTAL USES	1,995.6	2,692.8	2,752.6	2,750.0	2.1
FTE					
Permanent	15.0	15.0	16.0	16.0	6.7
TOTAL FTE POSITIONS	15.0	15.0	16.0	16.0	6.7

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent increase in number of reparation applications received	0%	0%	2%	0%	2%
Output	Number of formal internal staff trainings conducted annually	6	6	6	6	6
Output	Number of formal regional trainings conducted annually	8	8	8	8	8
Efficiency	Percent of payment vouchers for care and support sent to the department of finance and administration within two working days of the receipt of payment list	90%	90%	90%	90%	90%
* Efficiency	Average number of days to process applications	119	114	<120	<120	<120

FEDERAL GRANT ADMINISTRATION

The purpose of the federal grant administration program is to provide funding and training to nonprofit victim providers and public agencies so they can provide services to victims of crime.

BUDGET SUMMARY
(dollars in thousands)

			<u>FY09 - 2008-2009</u>		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
Federal Revenues	4,094.0	5,034.6	4,790.0	4,790.0	-4.9
SOURCES TOTAL	4,094.0	5,034.6	4,790.0	4,790.0	-4.9
USES					
Personal Services and Employee Benefits	234.7	238.6	259.1	259.1	8.6
Contractual Services	19.7	28.0	28.0	28.0	0.0
Other	3,614.5	3,803.0	3,602.9	3,602.9	-5.3
Other Financing Uses	579.7	965.0	900.0	900.0	-6.7
TOTAL USES	4,448.6	5,034.6	4,790.0	4,790.0	-4.9
FTE					
Term	4.0	4.0	4.0	4.0	0.0
TOTAL FTE POSITIONS	4.0	4.0	4.0	4.0	0.0

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percentage increase in number of services provided to victims of crime by grant sub-recipients	2%	2%	2%	2%	2%
Output	Number of statewide training conferences held for service providers and victim advocates	2	1	1	1	1
Output	Number of training workshops conducted for sub-recipients	12	12	12	12	12
Efficiency	Percent of sub-recipients that receive compliance monitoring via desk audits	82%	85%	83%	83%	83%
Efficiency	Percent of site visits conducted	40%	40%	40%	40%	40%
Efficiency	Number of working days to complete payment voucher after completion of drawdown	5	6	5	6	6

STATUTORY AUTHORITY:

The Department of Public Safety (DPS) was created as a cabinet department in 1987. The reorganization sections are in the Department of Public Safety Act, Sections 9-19-1 through 9-19-11 NMSA 1978. The act incorporated the following law enforcement entities under a single organization: the New Mexico State Police, Law Enforcement Academy, Alcoholic Beverage Control Enforcement, and Civil Emergency Preparedness Division of the Department of Military Affairs. The Motor Transportation Division (MTD), formerly a part of the Taxation and Revenue Department, was transferred to DPS on July 1, 1998. Laws 2007, Chapter 291, removed the Emergency Management and the Homeland Security Support Program from DPS and the Office of Homeland Security from the Governor's Office to create a separate Homeland Security and Emergency Management Department. The creation of DPS was intended to provide overall coordination and access for all law enforcement functions in the state.

MISSION:

The mission of the Department of Public Safety is to provide the best and most efficient law enforcement, support, and emergency services available to protect and secure the people of New Mexico in their lives, homes, and communities. DPS's areas of focus are driving while intoxicated, drug crime, violent crime, and traffic safety.

	BUDGET SUMMARY (dollars in thousands)		FY09 – 2008-2009		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	84,423.4	92,038.3	103,561.7	98,867.9	7.4
Other Transfers	12,302.1	10,284.2	10,204.6	10,204.6	-0.8
Federal Revenues	12,611.5	15,428.3	10,460.2	10,460.2	-32.2
Other Revenues	4,489.0	4,750.5	4,851.7	4,851.7	2.1
Fund Balance	6,915.5	300.0	335.0	335.0	11.7
SOURCES TOTAL	120,741.5	122,801.3	129,413.2	124,719.4	1.6
USES					
Personal Services and Employee Benefits	81,242.7	88,269.7	92,478.1	90,964.7	3.1
Contractual Services	2,624.9	3,245.1	2,521.8	2,435.7	-24.9
Other	31,925.0	31,246.5	34,403.3	31,319.0	0.2
Other Financing Uses	500.0	40.0	10.0	0.0	-100.0
TOTAL USES	116,292.6	122,801.3	129,413.2	124,719.4	1.6
FTE					
Permanent	1,183.0	1,204.0	1,229.0	1,218.5	1.2
Term	89.0	101.0	101.0	101.0	0.0
Temporary	24.2	24.1	24.1	24.1	0.0
TOTAL FTE POSITIONS	1,296.2	1,329.1	1,354.1	1,343.6	1.2

BUDGET ISSUES:

LFC recommends a \$6.8 million, or 7.4 percent, increase in general fund revenue over the FY08 operating budget. The LFC recommendation includes the following: \$2.1 million for General Service Department and Department of Information Technology rate increases, \$1.5 million for the recurring expense of vehicle replacement, \$1.2 million in overtime for commissioned officers, and \$502.4 thousand for information technology services and maintenance. DPS reported the agency would need \$3 million annually to achieve the vehicle replacement cycle of one-third of the fleet every three years. The department received \$1 million in capital outlay for vehicle replacement in 2007. In addition to the \$1.5 million LFC is recommending for vehicle replacement in the base budget, DPS will need an additional \$5.7 million in nonrecurring capital funding in FY09. The \$1.5 million recommended for FY09 will replace 72 vehicles, or 7.3 percent, of the fleet. LFC recommends an increase of \$372 thousand for fuel in the Law Enforcement Program based on the consensus forecast of retail gasoline prices for FY09 at \$2.80 a gallon. Also, DPS requested and LFC recommends \$6.9 million in road fund transfer from Department of Transportation to MTD, an increase of \$914 thousand over the FY08 operating budget.

In its FY09 budget request, DPS assumed a vacancy rate, on positions funded from the general fund only, of 5.6 percent for Program Support and 6.8 percent for the Law Enforcement Program. LFC recommends a 5.6 percent vacancy rate for Program Support and an 8 percent vacancy rate for the Law Enforcement Program on general fund positions. Commissioned State Police officers account for 54 percent of total FTE in the Law Enforcement Program. Based on attrition, academy graduates, and historic vacancy rates, the State Police should have an average vacancy rate of approximately 9.6 percent in FY09. On November 1, 2007, the vacancy rate for commissioned officers was 14 percent for the State Police, 17.6 percent for MTD, and 19.4 percent for the Special Investigations Division (SID). Also, the civilian FTE in the Law Enforcement Program had a vacancy rate of 9.3 percent. Of the 26 recruits for the 77th New Mexico State Police class, only 13 are expected to graduate in December 2007. DPS is introducing a lateral program for the spring 2008 State Police academy. The lateral program is to attract individuals with experience as law enforcement officers to the department.

State Police reports attrition problems in losing senior commissioned officers to other agencies. Commissioned officers with the State Police are on the New Mexico State Police and Corrections Retirement Plan, a 25-year enhanced retirement. State Police commissioned personnel receive an additional 2 percent each year toward their credit for retirement, which allows a State Police commissioned officer to retire after 20 years and 10 months of service. Some commissioned officers from other law enforcement agencies are covered by the Public Employment Retirement Association's (PERA) Municipal Plan 5, a straight 20-year retirement plan. Commissioned officers from agencies covered by this plan can retire at exactly 20 years. When State Police commissioned officers resign and go to work for an agency covered by PERA's Municipal Plan 5, they carry over the State Police plan's retirement credit of an additional 2 percent each year thereby, allowing former State Police commissioned officers to retire with less than 20 years of service.

In fall 2006, district attorneys reported problems in prosecuting cases due to delays in drug evidence and deoxyribonucleic acid (DNA) testing. Due to great concern for public safety stemming from reports of cases being dropped because of these delays, the Legislature appropriated an additional \$1 million for crime laboratories in FY08. DPS reported in the first quarter of FY08 that only 12.1 percent of DNA cases were completed within 70 days of submission. The crime lab backlog stems from vacancies and the department's difficulty in recruiting experienced DNA analysts. In August 2007, DPS implemented an aggressive recruitment effort for DNA analysts. On November 19, 2007, four out of the 11 DNA analyst positions were vacant. Future recruitment efforts will also benefit from new forensic science programs at New Mexico Highland University and Eastern New Mexico University-Portales.

DPS requested changes in FTE in its FY09 budget request. The agency requested in the Law Enforcement Program a reduction of one permanent pilot position that was an unauthorized governor exempt position, a reduction of two term SID positions, and an increase of one term MTD position. The agency requested in Program Support an increase of one term forensic analyst position and a decrease of two Administrative Services Division term positions. The LFC recommendation supports the changes in FTE as requested by the department.

BASE EXPANSION:

DPS requested expansions totaling \$218 thousand in Program Support and \$3.5 million in the Law Enforcement Program. The expansion requests are for increases in FTE, remote duty incentive pay, computer-aided dispatch, and digital cameras for patrol cars. The increases for FTE encompassed additional staffing for the Oro Grande port of entry, Santa Teresa port of entry, DrunkBusters call center, information technology help desk support, and legal division.

LFC recommends \$417 thousand for one sergeant and two officers to cover the increased hours of operation at the Santa Teresa port of entry. This stems from the U.S. Immigration and Customs Enforcement (ICE) in Santa Teresa increasing its hours of operation for commercial vehicle crossings. Pursuant to the North American Free Trade Agreement, MTD's Santa Teresa port of entry hours must coincide with ICE.

LFC recommends \$120 thousand from funding provided by Bernalillo County to hire two SID agents to conduct source investigations and premise investigations, conduct underage enforcement operations, and provide pro-active educational programs.

LFC recommends \$346.4 thousand to provide a 15 percent pay incentive to State Police officers who reside in rural locations. The department indicates the initiative will reduce the turnover rate in these rural locations and provide an officer the community can identify with for its needs.

Finally, DPS did not request but the committee recommends \$1 million for an additional 12.5 FTE to include MTD commissioned officers and transportation inspectors at the ports of entry that operate 24 hours seven days a week. MTD conducted capacity testing operations at its 24-hour ports of entry from the middle of August through the end of September 2007. Based on the results of the capacity testing operations, with the \$1 million DPS expansion, road fund revenue is projected to increase by \$7 million.

RECOMMENDED LANGUAGE:

The internal service funds/interagency transfers appropriations to the law enforcement program of the department of public safety include six million nine hundred fourteen thousand dollars (\$6,914,000) from the state road fund for the motor transportation division.

Any unexpended balance in the department of public safety remaining at the end of fiscal year 2009 made from appropriations from the state road fund shall revert to the state road fund.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

<u>Agency Rank</u>		<u>(Program)</u>	<u>Agency Request</u>	<u>LFC Recommendation</u>
*	Personnel 24/7 port-of-entries (12.5 FTE)	(LAW ENFORCE)	0.0	1,005.5
1	Computer aided dispatch	(LAW ENFORCE)	700.1	0.0
2	Remote duty incentive pay	(LAW ENFORCE)	346.4	346.4
3	Digital in-car cameras	(LAW ENFORCE)	692.6	0.0
4	Attorney support (2 FTE)	(PRG SUPPORT)	135.4	0.0
5	IT help desk support (2 FTE)	(PRG SUPPORT)	82.4	0.0
6	Santa Teresa port-of-entry (3 FTE)	(LAW ENFORCE)	417.0	417.0
7	Oro Grande port-of-entry (17 FTE)	(LAW ENFORCE)	1,152.5	0.0
8	DrunkBusters hotline (2 FTE)	(LAW ENFORCE)	67.5	0.0
9	<u>Bernalillo alcohol enforcement (2 Term)</u>	<u>(LAW ENFORCE)</u>	<u>120.0</u>	<u>120.0</u>
TOTAL			3,713.9	1,888.9

*The department did not request this item as an expansion to the base.

LAW ENFORCEMENT PROGRAM

The purpose of the law enforcement program is to provide the highest quality of law enforcement services to the public and ensure a safer state.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	70,088.6	76,587.8	86,880.2	82,408.2	7.6
Other Transfers	11,752.3	10,205.1	10,125.5	10,125.5	-0.8
Federal Revenues	5,571.5	7,039.7	5,416.2	5,416.2	-23.1
Other Revenues	2,981.7	3,187.7	3,234.5	3,234.5	1.5
Fund Balance	6,325.3	270.0	310.0	310.0	14.8
SOURCES TOTAL	96,719.4	97,290.3	105,966.4	101,494.4	4.3
USES					
Personal Services and Employee Benefits	70,485.0	74,897.2	79,329.7	78,015.1	4.2
Contractual Services	1,754.5	2,363.3	1,861.8	1,775.7	-24.9
Other	23,357.7	19,989.8	24,764.9	21,703.6	8.6
Other Financing Uses	0.0	40.0	10.0	0.0	-100.0
TOTAL USES	95,597.2	97,290.3	105,966.4	101,494.4	4.3
FTE					
Permanent	1,028.0	1,034.0	1,055.0	1,048.5	1.4
Term	58.0	58.0	59.0	59.0	1.7
Temporary	24.2	24.1	24.1	24.1	0.0
TOTAL FTE POSITIONS	1,110.2	1,116.1	1,138.1	1,131.6	1.4

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Number of driving-while-intoxicated arrests by department of public safety commissioned personnel in New Mexico	3,261	3,883	3,656	3,600	3,600
* Outcome	Number of driving-while-intoxicated crashes investigated by department of public safety commissioned personnel	350	284	300	300	300
* Outcome	Number of drug arrests by department of public safety commissioned personnel in New Mexico	1,125	1,393	1,125	1,200	1,200
* Outcome	Number of fatal crashes in New Mexico per year		412	400	400	400
* Outcome	Number of narcotic seizures by the motor transportation division	64	53	64	50	50
* Outcome	Number of criminal cases investigated by department of public safety commissioned personnel in New Mexico	14,976	16,443	15,000	15,000	15,000
* Outcome	Number of administrative citations issued to licensed liquor establishments for the illegal sales or service of alcohol to minors and intoxicated persons by the special investigation division		166	200	200	200
* Outcome	Number of criminal citations or arrests for the illegal sales or service of alcohol to minors and intoxicated persons by the special investigation division		198	200	200	200
* Outcome	Number of commercial motor vehicle safety inspections by the motor transportation division	84,967	92,263	77,272	77,000	90,000
* Output	Percent of strength of department of public safety commissioned personnel	84.8%	86.9%	90%	95%	87%
Output	Percent of cadets who successfully complete training and pass the law enforcement officer certification exam		100%	90%	95%	95%

PROGRAM SUPPORT

The purpose of program support is to provide quality protection for the citizens of New Mexico through the business of information technology, forensic science, criminal records and financial management and administrative support to the participants in the criminal justice community.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	14,334.8	15,450.5	16,681.5	16,459.7	6.5
Other Transfers	549.8	79.1	79.1	79.1	0.0
Federal Revenues	7,040.0	8,388.6	5,044.0	5,044.0	-39.9
Other Revenues	1,507.3	1,562.8	1,617.2	1,617.2	3.5
Fund Balance	590.2	30.0	25.0	25.0	-16.7
SOURCES TOTAL	24,022.1	25,511.0	23,446.8	23,225.0	-9.0
USES					
Personal Services and Employee Benefits	10,757.7	13,372.5	13,148.4	12,949.6	-3.2
Contractual Services	870.4	881.8	660.0	660.0	-25.2
Other	8,567.3	11,256.7	9,638.4	9,615.4	-14.6
Other Financing Uses	500.0	0.0	0.0	0.0	***
TOTAL USES	20,695.4	25,511.0	23,446.8	23,225.0	-9.0
FTE					
Permanent	155.0	170.0	174.0	170.0	0.0
Term	31.0	43.0	42.0	42.0	-2.3
TOTAL FTE POSITIONS	186.0	213.0	216.0	212.0	-0.5

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
Outcome	Number of prior-year audit findings resolved	80%	100%	100%	100%	100%
* Output	Percent of deoxyribonucleic acid cases processed within seventy days from submission	44.8%	13.2%	100%	60%	100%
* Output	Percent of applicants criminal background checks completed with twenty-eight days of submission	99.7%	97.5%	100%	100%	100%
* Output	Percent of criminal fingerprint cards completed within thirty-five days of submission	82.0%	82.2%	100%	96%	100%
* Output	Percent of operability for all mission-critical software applications residing on agency servers	99.9%	99.9%	99.9%	99.9%	99.9%
Output	Percent of help desk tickets resolved within forty-eight work hours of receipt		87.2%	80%	90%	90%
Explanatory	Number of unfilled forensic scientist vacancies within the deoxyribonucleic acid discipline	1	3	0	0	0

STATUTORY AUTHORITY:

The noncabinet level Homeland Security and Emergency Management Department (HSEMD) was created by Section 9-21-1 through 9-28-7 NMSA 1978 under the Homeland Security and Emergency Management Act. The act removed emergency management and homeland security support functions from Department of Public Safety (DPS) and policy development, agency coordination, and implementation functions from Office of Homeland Security at the Office of the Governor to create a separate Homeland Security and Emergency Management Department.

MISSION:

HSEMD's mission is to lead New Mexico's efforts in protecting life and property against all threats and hazards by integrating and managing comprehensive and coordinated protective actions, preparedness programs, mitigation projects, response activities, and recovery efforts prior to, during, and following emergencies or disasters.

BUDGET SUMMARY (dollars in thousands)					
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 – 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	1,695.0	3,308.1	4,025.6	3,973.2	20.1
Other Transfers	103.6	220.6	258.3	258.3	17.1
Federal Revenues	43,021.3	35,870.3	32,812.6	32,812.6	-8.5
Other Revenues	2.4	10.0	10.0	10.0	0.0
SOURCES TOTAL	44,822.3	39,409.0	37,106.5	37,054.1	-6.0
USES					
Personal Services and Employee Benefits	2,498.1	4,104.6	4,435.9	4,372.6	6.5
Contractual Services	923.4	3,228.0	2,033.8	2,100.7	-34.9
Other	35,423.8	32,076.4	30,636.8	30,580.8	-4.7
TOTAL USES	38,845.3	39,409.0	37,106.5	37,054.1	-6.0
FTE					
Permanent	16.0	23.0	31.0	23.0	0.0
Term	40.0	40.0	37.0	44.0	10.0
TOTAL FTE POSITIONS	56.0	63.0	68.0	67.0	6.3

BUDGET ISSUES:

The purpose of the new HSEMD is to consolidate and coordinate homeland security and emergency management functions; serve as the central primary coordinating agency in response to emergencies, disasters, and acts of terrorism; and serve as the conduit for federal assistance and cooperation in response to emergencies, disasters, and acts of terrorism. Prior to the establishment of HSEMD, LFC expressed concern that the state's homeland security efforts were split between two agencies with no clear line of authority in the event of a crisis. The responsibility for administration of federal homeland security grants had been divided between the Office of the Governor and Emergency Management and Homeland Security Support Program in DPS. At that time the homeland security advisor had a dual role as both that of policy advisor in the Office of the Governor and that of deputy secretary of DPS. In addition, the Office of Homeland Security was not authorized under statute.

New Mexico will receive \$3.8 million from the federal homeland security grant for federal fiscal year 2007. HSEMD reports the state experienced a 56 percent reduction in homeland security grant allocations from FY05 to FY07. In response to declining federal funds, New Mexico has been divided into six regions with designated coordinators to maximize resources in preparedness and response. The coordinators work with respective areas to facilitate common goals, standards, and communications throughout the state. The goal is to evaluate stakeholder's capabilities, level of training, and equipment on hand.

BASE EXPANSION:

HSEMD requested expansions for 8 permanent FTE totaling \$553.4 thousand. The agency reports the expansions for FTE would serve as the state matching funds for the public safety interoperable communications (PSIC) grant program, a one-time grant program intended to enhance interoperable communications systems. Funds granted through the PSIC program can be used in the acquisition of, deployment of, or training for the use of interoperable communications systems. New Mexico is projected to receive \$8.2 million from the PSIC grant that terminates on September 30, 2010. LFC recommends the following

HOMELAND SECURITY AND EMERGENCY MANAGEMENT DEPARTMENT 795

components of the \$553.4 thousand general fund state match: \$239.9 thousand expansion for one bureau chief and two intelligence fusion analysts due to loss of federal funding, \$60.8 thousand for one mobilization operations officer, \$64.2 thousand for one geographic information system specialist, \$60.8 thousand for one recovery officer, \$60.8 thousand for one communications officer, and \$66.9 thousand for professional services contracts to cover contracts the department will need to support its network. LFC recommends term positions for the expansions of FTE.

In addition, HSEMD requested \$52.4 thousand for the cost to design and implement an independent network. The Department of Information Technology (DoIT) is in the process of assessing the information technology capabilities of this new agency. DoIT's assessment of the agency's information technology needs are crucial to ascertain whether an independent network is required by HSEMD. LFC does not recommend the expansion.

BASE EXPANSION LISTING FY09 - 2008-2009

Agency Rank	(Program)	Agency Request	LFC Recommendation
*	Contract services for IT network support	0.0	66.9
1	Intelligence and security bureau (3 FTEs)	239.9	239.9
2	Mobilization operations officer (1 FTE)	60.8	60.8
3	Network specialist II (1 FTE)	66.9	0.0
4	GIS specialist (1 FTE)	64.2	64.2
5	Recovery officer (1 FTE)	60.8	60.8
6	Communications officer (1 FTE)	60.8	60.8
7	<u>New network costs</u>	<u>52.4</u>	<u>0.0</u>
TOTAL		605.8	553.4

*The department did not request this item as an expansion to the base.

HOMELAND SECURITY AND EMERGENCY MANAGEMENT

The purpose of the homeland security and emergency management program is to provide for and coordinate an integrated, statewide, comprehensive emergency management system for New Mexico, including all agencies, branches and levels of government for the citizens of New Mexico.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
*	Outcome	6	19	19	22	22
	Number of exercises conducted annually in compliance with federal guidelines					
*	Outcome	4	20	35	35	35
	Number of program and administrative team compliance visits conducted each year on all grants					
*	Outcome	21	29	29	29	29
	Number of local emergency operation plans (including terrorism incident annex) current within three years					

STATUTORY AUTHORITY:

Sections 67-1-1 through 67-16-14 codify the laws pertaining to the New Mexico Department of Transportation (NMDOT), State Transportation Commission, and highways and transportation in general. Article V, Section 14, of the Constitution of New Mexico, establishes the State Highway Commission. A constitutional amendment approved in November 2002 changed the name to the State Transportation Commission. Each of the six governor-appointed commissioners represents a highway district. The department is administered in accordance with the policies established by the commission and all applicable federal and state laws and regulations.

MISSION:

The department and the commission maintain responsibility for creating a comprehensive program of design, construction, and maintenance of the state's highway system. The department's mission is to use its personnel and technical and financial resources to facilitate a high quality multi-modal state transportation network.

	BUDGET SUMMARY (dollars in thousands)				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 – 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Federal Revenues	304,256.4	358,129.4	358,681.8	358,681.8	0.2
Other Revenues	392,956.1	435,063.9	448,006.8	455,306.8	4.7
Fund Balance	119,604.9	10,842.0	0.0	0.0	-100.0
SOURCES TOTAL	816,817.4	804,035.3	806,688.6	813,988.6	1.2
USES					
Personal Services and Employee Benefits	145,540.5	149,644.4	152,249.4	153,529.4	2.6
Contractual Services	329,245.3	340,099.7	321,711.5	333,699.6	-1.9
Other	287,843.4	308,291.2	326,727.7	319,845.6	3.7
Other Financing Uses	0.0	6,000.0	6,000.0	6,914.0	15.2
TOTAL USES	762,629.2	804,035.3	806,688.6	813,988.6	1.2
FTE					
Permanent	2,600.0	2,662.0	2,663.0	2,662.0	0.0
Term	28.0	48.0	47.0	48.0	0.0
Temporary	46.5	46.5	46.5	46.5	0.0
TOTAL FTE POSITIONS	2,674.5	2,756.5	2,756.5	2,756.5	0.0

BUDGET ISSUES:

The New Mexico Department of Transportation (NMDOT) budget request for FY09 reflected a 1.2 percent increase over the department's FY08 operating budget and includes a 6 percent vacancy factor. This budget reflected the impact of declining revenues at both the federal and state levels in addition to the impact of increased material costs for road construction and maintenance. Additionally, the LFC recommendation reflects a \$7.3 million increase to the state road fund (SRF) related to increased funding for enforcement within the Motor Transportation Division (MTD) and the Taxation and Revenue Department (TRD).

Unrestricted revenues within the SRF, such as fuel taxes and motor carrier fees, are not designated for any one specific program activity and support the bulk of activities associated with the state highway system. Restricted revenues within the SRF are earmarked for special purposes, such as the aviation fund, or the local government road fund. NMDOT projected in August 2007 that FY08 SRF unrestricted revenue growth would be \$9.8 million less than initial FY08 budget projections. The gasoline tax accounts for 28 percent of the SRF. Minimal growth, 1.4 percent over FY08 estimates, is forecast in gasoline tax revenue for FY09. In January, prior to the legislative session, NMDOT will update this information. The impact of the Indian gas tax exemption to the SRF will be estimated rather than calculated because reporting is voluntary at the retail level. This creates difficulty in assessing the amount of revenue lost to the SRF.

Rescissions of funding appropriated through the Safe, Accountable, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) in the past two years have significantly reduced the federal funding available to meet statewide infrastructure needs. Under SAFETEA-LU (Federal FY 2004-2009), New Mexico was scheduled to receive \$1.8 billion in highway funding, representing a 30.3 percent increase over prior funding levels. However, Congress rescinded part of this scheduled funding,

resulting in New Mexico's FY08 allocations being reduced about \$35 million from its FY07 allocation. NMDOT projects the amount of the rescission will grow in FFY09, the last year of SAFETEA-LU, to as much as \$100 million to \$150 million because solvency concerns with the federal highway trust fund. This would leave NMDOT with only enough federal revenues to make the debt servicing payments for Governor Richardson's Investment Partnership (GRIP).

In FY08, the Legislature appropriated within the state road fund \$19.2 million for the state construction program. This program funds construction projects throughout the state that do not qualify for federal funding under either the State Transportation Improvement Program (STIP) or GRIP. These projects are typically found in rural New Mexico. The FY09 budget recommendation includes \$13.1 million for this purpose. This is reduced because of revenues needed to offset commuter rail operational expenses when the Bernalillo to Santa Fe phase of the Rail Runner becomes operational in mid FY09.

Maintenance costs continue to accelerate due to inflationary trends for oil and material costs and due to the remote areas and the cost of mobilization of materials and equipment. The total number of lane miles within the NMDOT system has increased by 11.4 percent as has the average number of miles maintained per FTE since FY97. In FY07 NMDOT expended over \$75.2 million in maintenance expenditures as compared with \$70.8 million in FY06. The Legislature in 2007 approved 55 FTE for maintenance activities. The unexpected extreme weather experienced in FY07 impacted many routine activities, resulting in many districts postponing these functions.

Total state construction funding for commuter rail, both phase one and two, is projected at \$475 million. This includes \$50 million being held in escrow. There are no federal funds associated with this project. NMDOT identifies the funding streams for this project as follows: \$325 million in GRIP I bond proceeds, \$17 million in STB as approved by the Legislature in 2007, \$46.5 million in GRIP bond premiums, and \$11.5 million in investment earnings from GRIP bonds. NMDOT has offset the loss of \$75 million in planned federal revenues with state funds as a result of the Middle Rio Grande Council of Governments (MRCOG) failing to request the federal funding. FY09 will also see a projected \$5 million in additional maintenance costs with the purchase of the remaining 200 miles of rail from Burlington Northern Santa Fe (BNSF) between Lamy and Trinidad, Colorado, in December 2008. Operational costs for rail are estimated to be approximately \$23 million in FY09 with \$6 million being expended from the state road fund.

As key public transportation initiatives, such as commuter rail and Park and Ride, have grown in size over the past three years, the time has come for these activities to be separated into a distinct program where budget and program accountability can be more closely observed by both the Legislature and the citizens. With the projected FY09 completion of the commuter rail project this activity moves from the conceptual stages to an operations mode and as such deserves closer monitoring and review. Currently MRCOG works with the NMDOT to manage the implementation of commuter rail. The Legislature does not review or approve the budget for this significant enterprise activity. Recent analysis indicates that rail fare box revenues and track usage fees from BNSF are collected by MRCOG without oversight by the NMDOT or the state. There is no clearly established mechanism or procedure in place between MRCOG or NMDOT that accounts for this funding. By placing these activities within its own program clearly identified responsibilities and performance measures for these initiatives will be established. This separate program will be consistent with similar treatment of enterprises in the General Services Department, the Department of Corrections, the Department of Information Technology, and other departments throughout state government.

The project to develop the general office site has grown substantially with the department seeking a developer who would convert the site into a mix of housing, retail, office and, open space. In lieu of lease payment obligations to NMDOT, the developer, at its own expense and with its own financing, would build for NMDOT a new headquarters and a multi-modal transportation hub. This project has been placed on hold pending a review by the Governor's Office.

BASE EXPANSION:

The department requested converting 46.5 temporary positions to term positions along with the realignment of existing positions between programs. The department did not submit sufficient documentation to warrant consideration of this change, and this expansion request is not recommended at this time.

The department requested \$29.6 million for various public transportation programs to include commuter rail. The department did not include an expected \$11 million increase in operational costs for commuter rail for when the Bernalillo to Santa Fe phase is completed in 2008. At that point the state is to take possession of the 200 miles of rail line between Lamy and Trinidad, Colorado that the department has committed to purchase in 2008. User fees are expected to offset some of these increased costs. LFC considers these items to be expansions to the base and recommends funding.

RECOMMENDED LANGUAGE:

The LFC recommends the following language for the Programs and Infrastructure Program that pertains to the appropriation for the "100 percent state" road construction program:

The other state funds appropriations to the programs and infrastructure program of the department of transportation include a thirteen million one hundred thousand dollars (\$13,100,000) for a state-funded construction program.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
*	Operational costs for commuter rail	(PUBLIC TRAN)	0.0	11,000.0
1	Temp to Term Expansion Program	(VARIOUS)	0.0	0.0
TOTAL			0.0	11,000.0

* This expansion was not requested by the agency.

PUBLIC TRANSPORTATION

**BUDGET SUMMARY
(dollars in thousands)**

	<u>FY09 - 2008-2009</u>				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Federal Revenues	0.0	11,600.0	0.0	21,816.8	88.1
Other Revenues	0.0	3,865.0	0.0	18,826.0	387.1
SOURCES TOTAL	0.0	15,465.0	0.0	40,642.8	162.8
USES					
Personal Services and Employee Benefits	0.0	1,148.0	0.0	794.1	-30.8
Contractual Services	0.0	2,703.0	0.0	18,740.0	593.3
Other	0.0	11,614.0	0.0	21,108.7	81.8
TOTAL USES	0.0	15,465.0	0.0	40,642.8	162.8
FTE					
Permanent	0.0	16.0	0.0	16.0	0.0
Term	0.0	38.0	0.0	38.0	0.0
TOTAL FTE POSITIONS	0.0	54.0	0.0	54.0	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Output	Revenue dollars per passenger on park and ride	2.51	2.81	2.25	2.50	2.95
* Output	Annual number of commuter rail riders between Belen and Bernalillo	289,984	302,104	300,000	400,000	400,000
* Output	Annual number of riders to and from Santa Fe				200,000	200,000
* Explanatory	Annual number of riders on park and ride		302,054	275,000	300,000	350,000
Outcome	Percent capacity-filled on commuter rail service between Belen and Bernalillo		85%	85%		

PROGRAMS AND INFRASTRUCTURE

The purpose of the programs and infrastructure program is to provide improvements and additions to the state's highway infrastructure to serve the interest of the general public. These improvements include those activities directly related to highway planning, design and construction necessary for a complete system of highways in the state.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Federal Revenues	292,192.3	335,878.7	347,981.7	326,164.9	-2.9
Other Revenues	143,378.7	143,007.4	152,466.1	138,064.9	-3.5
Fund Balance	97,238.8	10,842.0	0.0	0.0	-100.0
SOURCES TOTAL	532,809.8	489,728.1	500,447.8	464,229.8	-5.2
USES					
Personal Services and Employee Benefits	23,954.7	25,864.4	27,317.2	26,998.5	4.4
Contractual Services	276,992.7	283,335.9	267,001.9	254,037.8	-10.3
Other	177,674.2	180,527.8	206,128.7	183,193.5	1.5
TOTAL USES	478,621.6	489,728.1	500,447.8	464,229.8	-5.2
FTE					
Permanent	389.0	388.0	411.0	388.0	0.0
Term	13.0	3.0	38.0	3.0	0.0
Temporary	1.0	2.0	2.0	2.0	0.0
TOTAL FTE POSITIONS	403.0	393.0	451.0	393.0	0.0

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Outcome	Number of non alcohol-related traffic fatalities				<=264	<=264
* Quality	Ride quality index for new construction	4.1	4.2	>=4.3	>=4.3	>=4.3
* Outcome	Number of traffic fatalities per one hundred million vehicle miles traveled	2.03	2.23	.88	.88	.88
* Outcome	Number of alcohol-related traffic fatalities				<=172	<=172
* Outcome	Percent of airport runways in good condition		71%	60%	60%	75%
* Output	Number of crashes in established safety corridors				<=886	<=886
* Quality	Percent of final cost over bid amount on highway construction projects	3.25%	13%	4.0%	4.0%	6.0%
* Explanatory	Percent of projects in production let as scheduled		71%	70%	85%	85%
* Outcome	Percent of front-occupant seat belt usage	89.5%	90%	91%	90%	90%
Outcome	Number of non alcohol-related traffic fatalities per one hundred million vehicle miles traveled			1.12		
Outcome	Number of alcohol-related fatalities per one hundred million vehicle miles traveled			0.88		

TRANSPORTATION AND HIGHWAY OPERATIONS

The purpose of the transportation and highway operations program is to maintain and provide improvements to the state's highway infrastructure to serve the interest of the general public. These improvements include those activities directly related to preserving roadway integrity and maintaining open highway access throughout the state system.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 <u>Actuals</u>	FY08 2007-2008 <u>Budgeted</u>	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
Federal Revenues	10,401.1	9,017.7	9,017.7	9,017.7	0.0
Other Revenues	205,954.3	237,209.1	242,743.8	247,454.1	4.3
Fund Balance	22,366.1	0.0	0.0	0.0	***
SOURCES TOTAL	238,721.5	246,226.8	251,761.5	256,471.8	4.2
USES					
Personal Services and Employee Benefits	92,802.4	95,962.8	98,208.1	98,855.5	3.0
Contractual Services	49,872.2	51,503.7	51,895.0	58,680.9	13.9
Other	96,046.9	98,760.3	101,658.4	98,935.4	0.2
TOTAL USES	238,721.5	246,226.8	251,761.5	256,471.8	4.2
FTE					
Permanent	1,924.0	1,976.0	1,972.0	1,976.0	0.0
Term	6.0	6.0	6.0	6.0	0.0
Temporary	43.7	42.7	42.7	42.7	0.0
TOTAL FTE POSITIONS	1,973.7	2,024.7	2,020.7	2,024.7	0.0

PERFORMANCE MEASURES

		FY06 <u>Actual</u>	FY07 <u>Actual</u>	FY08 <u>Budget</u>	FY09 <u>Request</u>	FY09 <u>Recomm</u>
* Outcome	Number of interstate miles rated good		979	1,190	1,190	1,190
* Outcome	Number of non-interstate miles rated good		8,006	8,225	8,225	8,225
* Output	Number of statewide improved pavement surface miles	4,624	2,470	3,300	4,500	4,500
* Outcome	Number of combined systemwide miles in deficient condition	826	1,850	<=2,500	<=2,500	<=2,500
* Output	Amount of litter pickup off department roads				17,000 lbs	17,000 lbs
* Quality	Customer satisfaction levels at rest areas	91%	95%	90%	90%	95%
* Efficiency	Maintenance expenditures per lane mile of combined systemwide miles		2,492	\$3,500	\$3,500	\$3,500

PROGRAM SUPPORT

The purpose of the program support program is to provide management and administration of financial and human resources, custody and maintenance of information and property and construction and maintenance projects.

BUDGET SUMMARY
(dollars in thousands)

	FY09 - 2008-2009				
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
Federal Revenues	1,663.0	1,633.0	1,682.4	1,682.4	3.0
Other Revenues	43,623.1	50,982.4	52,796.9	50,961.8	0.0
SOURCES TOTAL	45,286.1	52,615.4	54,479.3	52,644.2	0.1
USES					
Personal Services and Employee Benefits	28,783.4	26,669.2	26,724.1	26,881.3	0.8
Contractual Services	2,380.4	2,557.1	2,814.6	2,240.9	-12.4
Other	14,122.3	17,389.1	18,940.6	16,608.0	-4.5
Other Financing Uses	0.0	6,000.0	6,000.0	6,914.0	15.2
TOTAL USES	45,286.1	52,615.4	54,479.3	52,644.2	0.1
FTE					
Permanent	287.0	282.0	280.0	282.0	0.0
Term	9.0	1.0	3.0	1.0	0.0
Temporary	1.8	1.8	1.8	1.8	0.0
TOTAL FTE POSITIONS	297.8	284.8	284.8	284.8	0.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Quality	Number of external audit findings			<=4	<=4	<=4
* Outcome	Percent of vacancy rate in all programs	10.4%	10.8%	10%	6%	6%
* Output	Percent of information technology projects on-time and on-budget				100%	100%
* Output	Number of lost employee work days due to accidents			127	110	110
* Quality	Percent of prior-year audit findings resolved		50%	75%	99%	100%
* Efficiency	Percent of invoices paid within thirty days			99%	99%	99%

STATUTORY AUTHORITY:

Article XII, Section I, of the New Mexico Constitution states a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained. Statutory provisions related to public school education can be found in the Public School Code, Chapter 22 of the state statutes.

Passage of an amendment to Article 12, Section 6, created a cabinet department headed by a secretary of public education and created an elected, advisory Public Education Commission. The secretary of public education is appointed by the governor and confirmed by the Senate. The secretary of public education has administrative and regulatory powers and duties, including all functions relating to the distribution of school funds and financial accounting for public schools.

MISSION:

To create and maintain a customer-focused organization that provides leadership, technical assistance, and quality assurance to improve performance for all students and close the achievement gap.

BUDGET SUMMARY (dollars in thousands)					
FY09 – 2008-2009					
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	Percent Incr (Decr)
SOURCES					
General Fund Transfers	12,625.0	14,956.3	20,549.1	17,503.7	17.0
Federal Revenues	15,317.6	20,362.5	29,532.7	29,503.8	44.9
Other Revenues	712.6	1,103.4	1,106.2	1,081.2	-2.0
Fund Balance	0.0	0.0	178.4	178.4	***
SOURCES TOTAL	28,655.2	36,422.2	51,366.4	48,267.1	32.5
USES					
Personal Services and Employee Benefits	21,192.8	20,883.0	24,629.3	22,565.1	8.1
Contractual Services	8,119.0	10,902.8	21,579.6	21,117.6	93.7
Other	2,697.9	4,636.4	5,157.5	4,584.4	-1.1
TOTAL USES	32,009.7	36,422.2	51,366.4	48,267.1	32.5
FTE					
Permanent	205.2	209.2	228.2	212.2	1.4
Term	99.0	102.0	102.0	102.0	0.0
Temporary	5.6	4.6	4.6	4.6	0.0
TOTAL FTE POSITIONS	309.8	315.8	334.8	318.8	0.9

BUDGET ISSUES:

The general fund operating budget for FY08 is \$15 million, up 18 percent from FY07. The department's FY09 general fund request was \$5.5 million, or 37 percent over FY08. Of the \$5.5 million increase, \$2.6 million is for five expansion items, including 14 FTE. The growth in the agency's base budget is driven partly by increases in General Services Department (GSD) rates and Department of Information Technology rates accounting for nearly \$1 million of the \$3 million base increase over FY08. The department's FY09 request included both a 93.7 percent increase in contractual services and a 44 percent increase in federal funds, mostly due to \$8.7 million in federal funds, previously appropriated to public schools support for the Individuals with Disabilities Education Act (IDEA), now flowing through PED. The increase in contractual services also reflects a \$400 thousand contract for three-tiered licensure previously budgeted in the other costs category. The committee recommends an overall increase of \$2.5 million, or 17 percent, over FY08 from the general fund, including full funding for insurance increases.

The department continues to experience a substantial vacancy rate of 17.5 percent. Of these vacant positions, approximately 63 percent are supported from the general fund. The department's high vacancy rate is primarily due to an extended hiring freeze at the public education department (PED) in the last 3 months of FY07. The department held vacant positions open to fund over \$500 thousand in prior-year telecommunications, information processing and motor pool obligations to GSD. Altogether, the department saved enough to cover all by \$62 thousand of the outstanding GSD obligations. A deficiency request to fund the remainder of these charges has been requested.

The department did not apply a vacancy savings factor to the FY09 budget request, and vacant positions were requested at midpoint pay rates. The LFC recommendation includes a technical adjustment of \$318 thousand to reduce vacant positions to pay-band minimum rates. LFC remains concerned regarding the department wide policy of attracting qualified staff through funding new hires at the midpoint rate while carrying high vacancy rates to pay for these salaries. In addition to the technical adjustment, the recommendation applies a 6 percent vacancy factor to positions supported from the general fund. In addition to the cabinet secretary, the department's executive structure includes two deputy secretaries and 10 assistant secretaries (division directors) for a total cost of approximately \$1.75 million.

Of particular concern is the role of providing financial oversight. While the department provides other statutorily prescribed duties peripheral to the educational mission, the primary role of the department is this financial role. A number of issues are raised with regard to PED that affect the implementation of funds appropriated for public school support.

The primary issue of concern is the failure to audit student counts. This lack of accountability over time has led to a significant dilution of the unit value in areas such as special education related services units, negatively affecting many districts statewide. This continues to be an issue as LFC pursues accountability in verifying the number of related units being claimed by districts. The department's lack of prioritization of the internal audit function fails to address the importance of accurate student counts, timely monitoring of internal control structures and oversight activities relating to state and federal funding streams. Multiple findings in the department's FY06 independent audit could be resolved through prioritization of this key operational responsibility.

The department's longitudinal student data system, the student teacher accountability reporting system (STARS) data warehouse, is currently hosted on a server in White Plains, New York. The costs associated with maintaining the system are primarily provider and hosting fees. The department's FY09 request included nearly \$1 million for contract fees related to the STARS system, with an additional \$500 thousand for contract fees associated with the operating budget management system (OBMS). The OBMS is a companion database to STARS for collecting school district and charter school budget information, as well as actual expenditures and revenues. LFC has previously requested that the department compile a system-specific data migration plan to transfer the data warehouse from the New York server to a New Mexico server to minimize these costs. LFC has not received this plan.

Accuracy of student data begins at the district level and there is significant statewide variation in the quality of training that district personnel receive regarding data entry and system usage. Although the department has made efforts to instruct district users through the STARS fall data conference, future efforts should include local training.

The LFC recommendation includes \$400 thousand in base funding in contractual services for three-tiered licensure services. A review of the three-tiered licensure process conducted jointly by LFC, the Legislative Education Study Committee, and the Office of Educational Accountability resulted in recommendations requiring the VisionLink company to remit all application fee revenue to PED for return to the educator licensure fund, in-turn requiring PED to reimburse costs and transaction fees as outlined in the contract, including dossier reviewer costs. Given the substantial year-end fund balances in the fund, LFC-recommended statutory amendments to expand authorized expenditures could reduce the amount of future years' appropriations for this software application management contract.

BASE EXPANSION:

The department requested 14 FTE for five program expansion items at a cost of \$5.5 million, including \$2.1 million from the general fund for No Child Left Behind Act (NCLB) requirements to fund the STARS and OBMS systems and 5 FTE. The LFC recommendation includes \$500 thousand for the OBMS system and \$500 thousand for contract fees for the STARS data warehouse. The appropriation for the STARS system will provide partial funding for hosting fees for the project, however, the department should migrate the data warehouse server to New Mexico and reprioritize personnel necessary for STARS within existing vacancies. LFC recommends a special appropriation of \$69 thousand for a pilot program to assist districts statewide with training and technical issues related to the deployment of the STARS and OBMS systems and to determine the effectiveness of providing this service.

The department has estimated revenue increases of approximately \$152 thousand through a 2 percent administrative fee that will be assessed on four charter schools electing to renew their charters through the state renewal option. The department request includes this funding stream in addition to 2 FTE for oversight, monitoring, and technical assistance within the Charter School Bureau, with 1 FTE assigned to assist the Public Education Commission. The department has stated that in the event estimated 2 percent revenues do not materialize, the department will hire and prioritize these FTE accordingly. The LFC recommendation includes \$152 thousand and authorization for 3 FTE to handle workload associated with the new charter school renewal option. The positions include 1 FTE for the charter school bureau, 1 FTE for the school finance bureau, and 1 FTE for the public education commission.

RECOMMENDED LANGUAGE:

The general fund appropriation to the public education department in the contractual services category includes five hundred thousand dollars (\$500,000) for the student teacher accountability reporting system and five hundred thousand dollars (\$500,000) for the operating budget management system.

The other state funds appropriation to the public education department in the personal services and employee benefits category includes one hundred and fifty two thousand dollars (\$152,000) and one full-time equivalent for the charter schools bureau, one full-time equivalent for the school finance bureau and one full-time equivalent for the public education commission.

**BASE EXPANSION LISTING
FY09 - 2008-2009**

Agency Rank		(Program)	Agency Request	LFC Recommendation
1	Other state fund expansions (5 FTE)	(OPERATIONAL)	207.6	152.0
2	NCLB requirements (5FTE)	(OPERATIONAL)	2,114.3	1,000.0
3	High school redesign (2 FTE)	(OPERATIONAL)	154.9	0.0
4	School and family support	(OPERATIONAL)	246.5	0.0
5	Executive secretarial support (2 FTE)	(OPERATIONAL)	102.6	0.0
TOTAL			2,825.9	1,152.0

PUBLIC EDUCATION DEPARTMENT

The purpose of the public education department is to provide a public education to all students. The secretary of public education is responsible to the governor for the operation of the department. It is the secretary's duty to manage all operations of the department and to administer and enforce the laws with which the secretary or the department is charged. To do this, the department is focusing on leadership and support, productivity, building capacity, accountability, communication and fiscal responsibility.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Percent of current-year appropriations that require a request for proposal or grant application sent to school districts by September 30		Not Rept	60%		60%
Outcome	Percent of customers interacting with the public education department who report satisfaction with their telephone communications with the department	80.95%	Not Rept	90%		90%
* Outcome	Percent of No Child Left Behind Act yearly progress designations accurately reported by August 1		99.5%	100%		100%
Outcome	Percent of money designated for teacher scholarships through the Indian Education Act that has been expended		78%	90%		90%
Outcome	Average processing time for school district budget adjustment requests, in days		Not Rept	7		7
Outcome	Percent of public education department contracts issued within sixty days of receipt of completed request for proposal or grant application		Not Rept	90%		90%
Outcome	Percent of compliance with the agreed audit schedule for the public education department internal audit section		90%	100%	100%	100%
Outcome	Percent change from the preliminary unit value to the final unit value		Not Rept	2%		2%
* Outcome	Percent completion of the data warehouse project		40%	75%	75%	75%
* Outcome	Percent of teachers adequately informed and trained on the preparation of the licensure advancement professional dossiers	84%		95%	95%	95%
* Outcome	Percent of bureaus in five core areas (data collection and reporting, assessment and accountability, special education, capital outlay, school budget and finance analysis) meeting the public education department's customer service standards			60%		80%
Outcome	Percent of prior-year audit finding resolved and not repeated	41%	Not Rept	100%	100%	100%

STATUTORY AUTHORITY:

The Regional Cooperative Education Act, Sections 22-2B-1 to 22-2B-6 NMSA 1978, provides for the formation of a Regional Education Cooperative (REC) among local school boards or other state-supported educational institutions to provide education-related services. These services may include technical assistance, staff development, cooperative purchasing, fiscal management, administration of federal programs, and additional services as may be determined to be appropriate by the Regional Education Coordinating Council. The Public Education Department (PED) is authorized to approve the existence and operation of an REC. Regional education cooperatives are classified as individual state agencies administratively attached to PED and are exempt from the provisions of the State Personnel Act. An REC is governed by a Regional Education Coordinating Council (RECC) composed of the superintendents or chief administrative officers of each local school district or state-supported institution participating in the cooperative.

BUDGET ISSUES:

The Regional Education Cooperatives do not receive direct general fund appropriations. They derive operating revenue from school districts as federal flow-through funds and from the state general fund for ancillary-related services. Beginning in FY06, PED changed the way these funds are distributed to REC from a one-twelfth or quarterly allotment to a twice monthly reimbursement for costs incurred. This change in the basis of payment was made to comply with the federal Cash Management Improvement Act of 1990. The REC complain these changes are causing cash-flow issues, resulting in some late payments to vendors. In FY07 PED received \$750 thousand and in FY08 \$1.1 million in special appropriations to provide cash-flow assistance to the REC when needed. Funds that flow to the REC for this purpose shall be returned to PED by the end of FY09 and will be available for use in subsequent years. A number of REC have complained that the distribution of funds has been slow, yet many are unwilling or unable to make operational changes to accommodate the current distribution plan. High Plains REC in Raton is the exception and has implemented a number of changes to make certain they have sufficient funds to sustain operations while waiting for reimbursements.

An LFC performance evaluation conducted in FY07 found that two REC violated provisions of the Constitution regarding incurring debt. Regional Education Cooperative #9 in Ruidoso was found to have established a line of credit in the amount of \$300 thousand to cover salaries and operations. The limit on the account was reached 20 times over a 17-month period and was paid off six times. The account was closed after the REC was informed of the violation. High Plains REC in Raton established a mortgage of over \$400 thousand to purchase their building. This loan remains open and the REC is making excess payments trying to pay off the amount as soon as possible. One of the recommendations of the LFC evaluation was for PED to enhance oversight of the REC through the designation of an internal FTE to oversee REC operations, services, planning and cash reimbursements and to conduct regular meetings. The department has posted this position and will fill the position before the end of 2007.

REGIONAL EDUCATIONAL COOPERATIVES APPROPRIATIONS FOR FY09

Cooperative	Other State Funds	Federal Funds	Total
Northwest Regional Education Cooperative #2 (Gallina)	\$0.0	\$1,593.0	\$1,593.0
High Plains Regional Education Cooperative #3 (Raton)	\$3,357.5	\$2,854.8	\$6,212.3
Northeast Regional Education Cooperative #4 (Las Vegas)	\$0.0	\$2,415.4	\$2,415.4
Central Regional Education Cooperative #5 (Albuquerque)	\$2,000.0	\$2,000.0	\$4,000.0
Regional Education Cooperative #6 (Clovis)	\$335.7	\$1,700.0	\$2,035.7
Lea Regional Education Cooperative #7 (Hobbs)	\$0.0	\$3,900.0	\$3,900.0
Pecos Valley Regional Cooperative #8 (Artesia)	\$1,321.5	\$1,371.8	\$2,693.3
Regional Education Cooperative #9 (Ruidoso)	\$4,000.0	\$4,800.0	\$8,800.0
Southwest Regional Cooperative #10 (T or C)	\$300.0	\$4,500.0	\$4,800.0
TOTAL	\$11,314.7	\$25,135.0	\$36,449.7

STATUTORY AUTHORITY:

The Public School Facilities Authority (PSFA) was created in 2003 to staff the Public School Capital Outlay Council (PSCOC) pursuant to the Public School Capital Outlay Act, Section 22-24-9 NMSA 1978. Under the direction of PSCOC, the authority is responsible for providing support and oversight in administering construction grants, deficiencies correction, and statewide, standards-based programs; assisting school districts with the development and implementation of five-year master plans and preventive maintenance plans; and overseeing all state-funded public school construction. The director, versed in construction, architecture, or project management, is selected by the council. The director may employ two deputies and, subject to budgetary constraints and approval of the council, may employ or contract with such technical and administrative personnel necessary to carry out the statutory provisions.

The membership of the council consists of a representative from the Governor’s Office, the secretary of the Department of Finance and Administration, the secretary of the Public Education Department, the president of the New Mexico School Boards Association, the director of the Construction Industries Division of the Regulation and Licensing Department, the president of the State Board of Education, the director of the Legislative Finance Committee, the director of the Legislative Council Service, and the director of the Legislative Education Study Committee.

MISSION:

The mission of PSFA is to support quality public education by encouraging and assisting districts with the prudent planning, construction, and maintenance of appropriate physical environments to foster successful student learning and to involve active community participation in the education process and to assist policymakers and New Mexico taxpayers with current and accurate financial and technical information and recommendations.

BUDGET SUMMARY (dollars in thousands)					
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 – 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	0.0	0.0	6,276.0	0.0	***
Other Transfers	5,306.7	6,018.7	0.0	6,276.0	4.3
SOURCES TOTAL	5,306.7	6,018.7	6,276.0	6,276.0	4.3
USES					
Personal Services and Employee Benefits	3,734.6	4,268.2	4,268.2	4,270.1	0.0
Contractual Services	234.8	255.0	355.0	355.0	39.2
Other	1,337.3	1,495.5	1,652.8	1,650.9	10.4
TOTAL USES	5,306.7	6,018.7	6,276.0	6,276.0	4.3
FTE					
Permanent	55.0	55.0	55.0	55.0	0.0
TOTAL FTE POSITIONS	55.0	55.0	55.0	55.0	0.0

BUDGET ISSUES:

Since its creation, PSFA has funded both its core and field oversight operations from balances in the public school capital outlay fund, which derives its revenue from supplemental severance tax bond proceeds. Section 22-24-4 NMSA 1978 provides that field management expenses are limited to an amount not to exceed 5 percent of the three-year average annual grant assistance. The agency generally maintains its expenses at approximately 2 percent.

In recent years a number of additional expenditures from the fund were authorized. These include, among others, an expanded state match to the local two mill levy, increased lease payment assistance to schools, assistance for the demolition of school buildings, assistance to school districts for master planning, and funding for construction management and facilities management software. These initiatives and agency operating costs reduce funding for the core agency mission of building and repairing schools.

For FY09, the agency requested \$6.3 million from the general fund to cover all agency operational costs, a modest increase over FY08. The agency currently maintains a 10.9 percent vacancy rate, high by historic rates but only reflecting 5 vacant positions. The agency reports that three of the positions are expected to be filled by the end of 2007. The committee recommendation does not include a vacancy rate, adopts the agency expenditure request and funds the request from the public school capital outlay fund.

As the PSFA mission evolves and the standards-based award process grows, some concerns have arisen with regard to construction oversight and the statewide adequacy standards. A number of superintendents raised the issue of PSFA oversight and its impact on school projects. The issues include standards that are overly prescriptive, district match provisions that circumvent the districts' control over how to expend locally generated tax dollars, and the delay in recognizing growth. Concerns raised with regard to specific portions of the adequacy standards include inequities based on school size, lack of flexibility regarding athletic facilities, the need for career pathways and performing arts centers currently considered above adequacy, and the maximum allowable square footage for some academic space. During the 2007 interim, PSFA conducted hearings on changes to the statewide adequacy standards, and a number of technical changes were adopted by PSCOC. Additional changes have been proposed for consideration by PSCOC pending additional funding from the Legislature.

The agency continues to make progress in developing and implementing a successful oversight, guidance, and assistance program, including the use of an innovative reporting method using color codes to easily identify project and funding status. Deficiency correction work, the original charge of the agency, is essentially complete. The few projects that remain are in the final stages of completion. The program, funded by the Legislature, has been a great success, addressing life, health, and safety issues statewide at no additional cost to districts. In addition, the agency is successfully implementing construction oversight for more than \$1 billion in projects authorized by the council and continues to oversee master planning efforts that will allow districts to better maintain their facilities.

PUBLIC SCHOOL FACILITIES OVERSIGHT

The purpose of the public school facilities oversight program is to oversee public school facilities in all eighty-nine school districts to ensure correct and prudent planning, building and maintenance using state funds and to ensure adequacy of all facilities in accordance with educational programs approved by the public education department.

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
Outcome	Percent of total submitted school construction plans reviewed and acted on		94%	90%	90%	94%
Outcome	Percent compliance with prompt payment provision of the Retainage Act for all direct payments to vendors		80.5%	85%	85%	85%
* Outcome	Percent of projects meeting all contingencies completed within the specified period of awards		45%	75%	75%	75%
Outcome	Number of days to disseminate all pertinent documents to school districts for all awards made by the public school capital outlay council		19	20	20	20
Outcome	Average processing time for final action on plans submitted, in days		15	16	16	16
* Explanatory	Change in statewide public school facility condition index measured on December 31 of prior calendar year, compared with prior year		32.24%			

STATUTORY AUTHORITY:

Pursuant to 21-1-26 NMSA 1978, the Higher Education Department (HED) determines an adequate level of funding for institutions of higher education and recommends the equitable distribution of available funds among them. Responsibilities of the department include implementing the Post-Secondary Educational Planning Act, Post-Secondary Education Articulation Act, Student Loan Act, Education Trust Act, graduate program approval, and proprietary school licensing. Additionally, the department recommends institutional capital project priorities and administers state-supported financial aid programs. The department administers the adult basic education program and is responsible for licensing proprietary postsecondary schools, for which it charges fees. The department also provides financial oversight of the constitutionally created special schools: the New Mexico Military Institute, New Mexico School for the Deaf, and New Mexico School for the Blind and Visually Impaired.

In addition, the department is directed to cooperate with colleges and universities to create a statewide public agenda for higher education needs and goals, study enrollment capacity needs, develop a statement of statewide educational needs, and analyze the financial impacts of proposed new degree programs.

MISSION:

The mission of HED is to administer a coordinated statewide system of public postsecondary education with governance shared between the department and the governing boards of the colleges and universities.

	BUDGET SUMMARY (dollars in thousands)				
			<u>FY09 – 2008-2009</u>		Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	40,824.7	44,243.2	60,715.4	45,747.6	3.4
Other Transfers	37,584.0	39,021.3	39,021.3	45,960.5	17.8
Federal Revenues	0.0	5,004.0	5,004.0	5,004.0	0.0
Other Revenues	0.0	130.0	130.0	130.0	0.0
Fund Balance	0.0	256.0	256.0	1,121.3	338.0
SOURCES TOTAL	78,408.7	88,654.5	105,126.7	97,963.4	10.5
USES					
Personal Services and Employee Benefits	2,791.4	3,081.2	4,526.5	3,619.0	17.5
Contractual Services	1,452.7	1,038.1	1,040.4	1,010.4	-2.7
Other	28,047.6	66,429.0	82,853.6	75,327.8	13.4
Other Financing Uses	118,894.0	18,106.2	18,106.2	18,006.2	-0.6
TOTAL USES	151,185.7	88,654.5	106,526.7	97,963.4	10.5
FTE					
Permanent	28.5	30.5	46.5	30.5	0.0
Term	5.5	5.5	15.5	14.5	163.6
TOTAL FTE POSITIONS	34.0	36.0	62.0	45.0	25.0

BUDGET ISSUES:

The committee recommendation is \$98 million of total sources and uses, up 10.5 percent compared with FY08. A significant increase is recommended for personal services and employee benefits. Further, a notable increase of 13.4 percent is recommended for student financial aid. Flow-through of general fund appropriations to public, postsecondary institutions is maintained at FY08 levels.

With regard to the Policy Development and Institutional Financial Oversight Program, the total general fund recommendation for the agency's regular operating budget (not including flow-through funds to institutions) is \$3.9 million, an increase of over \$700 thousand from FY08. Total personal services and employee benefits represent \$3.6 million (all funds) of the total agency operating budget.

There are significant personnel and associated funding concerns at the department, and it is not clear that there is a human resources plan in place. As of September 5, 2007, the vacancy rate at HED is about 25 percent, with significant fluctuations throughout last fiscal year. As of September 2007, the department had four temporary 180-day employees not authorized or funded by the Legislature. The agency has not filled the institutional auditor position for which the Legislature provided

expansion funding in the 2007 legislative session but created a new position for an attorney (requested by HED, but not funded by the Legislature in 2007). The capital projects analyst position has been converted to short-term status, despite recent initiatives to prioritize the need for building renewal and replacement funds for colleges and universities and associated accountability requirements.

The agency continues to struggle with recruitment and retention and is slow in filling vacant positions. Based on Laws 2007, Chapter 248, which specifies divisions for the agency, the agency has reorganized and, in part, has replaced lower level positions with positions significantly higher within the organizational structure. In some cases, these higher positions were not authorized and funded by the Legislature. Further, the agency has employed individuals in these high-paying positions, who have limited higher education experience.

Both the cabinet secretary and deputy secretary are currently serving in their capacities under memorandum of understanding with University of New Mexico and New Mexico State University, respectively. The total current compensation packages are well beyond those of other cabinet secretaries. During the interim, the LFC chairman asked the Attorney General for an opinion on the issue of cabinet-level appointees serving under this type of arrangement. Pending receipt of the Attorney General opinion, the committee recommends only the state share of the salary for the cabinet secretary and eliminates the authorized permanent position for the deputy secretary.

The committee recommendation assumes 5 percent vacancy savings, despite much higher historical rates. The committee recommends vacant positions at mid-point salary levels, rather than minimum, to further provide the agency with flexibility in recruiting and retaining highly qualified staff.

The agency is experiencing significant problems with its core operations. The FY06 audit had an unqualified opinion, but four findings. For FY07, turnover coupled with SHARE issues has resulted in an inability for HED to reconcile FY07 expenditure data. For example, data submitted with the FY09 budget request shows the department significantly overspent its FY07 budget. Further, the agency cannot provide year-to-date budget status reports for FY07 and FY08. HED did not issue a request for proposals for its FY07 audit, and the audit process is running behind schedule. HED has provided limited information on the budget sources and uses and programmatic details for the 23 student financial aid programs that it administers. Further, for federal grants, HED reported in its request documents it "has no oversight or reporting processes, draw-down schedules are behind and the indirect cost allocation report due to the federal government was behind schedule".

In the area of performance accountability, HED could not report actual data or targets for its current performance measures with its budget request. The agency expressed desires to reconfigure and scale back its reporting under the Accountability in Government Act but could not develop a timely proposal for the committee hearing process. Finally, the agency did not report on enrollment, persistence and graduation rates for Native American and Hispanic students by September 1, 2007, as required in the 2007 General Appropriation Act.

Based on concerns about the working conditions for staff, the committee recommendation funds the request of additional funding for a lease agreement at a new location. However, this funding is not to be used for a lease-purchase agreement.

The Higher Education Department request for the Student Financial Aid Program included significant increases in work study and the health professional loan repayment programs, in addition to initial funding requests for three new programs enacted by the Legislature in 2007. The agency requested an overall general fund increase of \$8.4 million over the FY08 operating budget: \$1.5 million for three new programs, with the remaining \$6.9 million requested increase primarily in the work study and health professional loan repayment programs.

The committee recommendation increases general fund support for the Student Financial Aid Program by \$750 thousand. The increased level funds a \$250 thousand increase in the work study program, \$250 in the health loan repayment program, and \$207 thousand for increases in the cost of Western Interstate Commission for Higher Education (WICHE) slots and five new dental slots in the program. The recommendation includes a significant increase of \$10.5 million in the other program revenues through new revenue in the lottery success scholarship program and the college affordability program.

Overall increases in general support for the Student Financial Aid Program are modest. In many cases, such as a requested general fund increase of nearly 240 percent for the health professional loan repayment program, FY07 program expenditures did not even meet the budgeted level. Substantial increases in funding support are not commensurate with historical costs in the individual programs. Questions exist regarding overall accuracy of program data and include reported actual FY07 costs, as well as the department's inability to provide both performance measurement results for FY07 and proposed service levels for FY09.

HED requested a substantial increase in general fund in the work study budget for increased capacity and funding to account for new state minimum wage laws. The committee recommendation includes \$250 thousand to address the minimum wage issue. However, documentation for costs and intended uses of increased general fund support to enhance work study capacity was not provided by the department.

The Legislative Endowment Scholarship Act was endowed in 1995 through an initial appropriation of \$1.5 million. Recent annual appropriations have been flat at \$24 thousand annually; however, recent account balances show room for growth in either the scholarship numbers or award levels. The committee recommends a conservative 5 percent of the fund for expenditure, or \$112.8 thousand, for FY09. Additionally, HED is urged to track this fund in an effort to establish annual appropriation levels closer to the actual interest available, while maintaining growth in the principle.

The cost of participation in the WICHE loan-for-service program has increased approximately 3.4 percent in FY09 among the individual field of study support fees. The recommendation includes an increase of \$106.5 thousand for five new dental slots in the WICHE program with an additional \$100 thousand in general fund increase to fund the average cost increases in participation support fees.

In the 2006 and 2007 legislative sessions, amounts of \$49 million and \$48 million, respectively, were appropriated to fund the College Affordability Act. In the 2007 session, the appropriation was contingent on the department shifting investment responsibility for the endowment funds from the State Treasurer's Office to the State Investment Council in order to take advantage of higher average yields on invested funds. HED has expended approximately \$1.25 million of a \$2 million special appropriation available in FY07 and FY08 for need-based scholarship grants. The department will have access to approximately \$750 thousand in remaining funds for expenditure in FY08. The recommended FY09 appropriation of \$4 million estimates expected interest available, given the historical average return of 8.2 percent on the \$95 million endowment. In the event that interest earnings are not sufficient to meet this level, Laws 2007, Chapter 85 (House Bill 308) mandates that a minimum of \$2 million shall flow from the endowment fund to the scholarship fund for expenditure.

The committee recommendation for support of lottery tuition scholarships from the lottery tuition scholarship fund significantly exceeds the FY08 level by approximately \$6.5 million. Due to the enactment of minimum revenue distribution provisions of the Laws 2007, Chapter 72 (Senate Bill 364), lottery revenue estimates are substantially higher for FY09. While estimated FY09 expenditures are 10 percent higher than FY08 levels, revenue estimates are nearly 18 percent higher. Subsequently, lottery fund balances budgeted for scholarships in FY09 have been reduced by \$2.7 million to \$865 thousand.

BASE EXPANSION:

For FY09, the department submitted 21 expansion requests totaling \$16.8 million. Within its top 10 priorities, HED requested \$4 million for an adult basic education initiative and \$2 million for the science and technology task force. In the area of student financial aid, the requests were \$5.7 million for work study, \$1 million for health professional loans, \$1 million for the Higher Education Disability Act and \$2.55 million for other student financial aid programs, for a total of just over \$10 million.

For agency operations, the request called for an additional \$787 thousand in personal services and employee benefits for 17 FTE. Given the context of significant concerns regarding personnel and fiscal operations discussed earlier, the committee recommendation only funds a budget analyst for the administrative services function. The general fund cost of this expansion is \$42.9 thousand. Finally, the recommendation aligns the requested funding for the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) federal grant program with 9 term FTE positions to be authorized in the General Appropriation Act. These positions are currently shown on the table of organizational listing report, commonly known as the TOOL. The nine positions were not requested by the agency when it received the new GEAR UP grant last year and were not requested in this budget cycle.

RECOMMENDED LANGUAGE:

Any unexpended balance in the policy development and institutional financial oversight program remaining at the end of fiscal year 2009 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation to the policy development and institutional financial oversight program includes three million five hundred thousand dollars (\$3,500,000) for the higher education program development enhancement fund for higher education institutions to address the state's nursing shortage. In allocating these funds, the higher education department is directed to consider past performance and implementation of new and innovative programs to increase enrollment and accelerate matriculation. Further, the higher education department should annually report appropriate performance measures on outcomes across institutions and across programs designed to address the nursing shortage.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department includes five hundred thousand dollars (\$500,000) to provide a supplemental compensation package for nursing faculty and staff at public postsecondary institutions to be transferred consistent with the current higher education compensation methodology.

The general fund appropriation to the policy development and institutional financial oversight program of the higher education department in the other financing uses category includes one million dollars (\$1,000,000) for athletics to be distributed as follows: two hundred thousand dollars (\$200,000) each to eastern New Mexico university, western New Mexico university and New Mexico highlands university, one hundred fifty thousand dollars (\$150,000) each to New Mexico military institute and New Mexico junior college and one hundred thousand dollars (\$100,000) to northern New Mexico college.

By September 1, 2008, the higher education department shall report time series data to the office of the governor, public education department, department of finance and administration and legislative finance committee on performance measures and targets for recruitment, enrollment, retention and graduation rates for Native American and Hispanic students. The higher education department shall provide an action plan by institution to achieve targeted results.

BASE EXPANSION LISTING
FY09 - 2008-2009

Agency Rank		(Program)	Agency Request	LFC Recommendation
01	Senior financial coordinator	(POLICY)	50.6	0.0
02	Financial coordinator A	(POLICY)	62.8	0.0
03	E-Learning 1 FTE	(POLICY)	0.0	0.0
03	E-Learning 1FTE	(POLICY)	0.0	0.0
03	E-Learning 1FTE	(POLICY)	0.0	0.0
03	I-DEAL	(POLICY)	2,011.1	0.0
04	Work study program	(FIN AID)	5,700.0	250.0
05	ABE 1FTE	(POLICY)	0.0	0.0
05	ABE 1FTE	(POLICY)	0.0	0.0
05	ABE-get ready initiative	(POLICY)	4,009.0	0.0
06	Science and tech task force	(POLICY)	2,000.0	0.0
07	Administrative services coordinator O	(POLICY)	45.4	0.0
08	Administrative support operations	(POLICY)	40.1	0.0
09	Budget analyst A	(POLICY)	42.9	42.9
10	Grant coordinator	(POLICY)	50.6	0.0
11	Health professional loan	(FIN AID)	1,000.0	250.0
12	WICHE loan for service	(FIN AID)	100.0	206.5
13	Teacher loan for service	(FIN AID)	400.0	0.0
14	Education policy analyst	(POLICY)	50.6	0.0
15	Staff manager	(POLICY)	50.6	0.0
16	Web content editor/publications support	(POLICY)	42.9	0.0
17	Financial coordinator O	(POLICY)	42.9	0.0
18	Business operational spec A	(POLICY)	40.1	0.0
19	Higher education disability act	(FIN AID)	1,000.0	0.0
20	HR generalist/ADA coordinator O	(POLICY)	57.4	0.0
21	Peace officer and fire fighters fund	(FIN AID)	50.0	0.0
25	GEAR UP positions	(POLICY)	0.0	0.0
TOTAL			16,847.0	749.4

POLICY DEVELOPMENT AND INSTITUTIONAL FINANCIAL OVERSIGHT

The purpose of the policy development and institutional financial oversight program is to provide a continuous process of statewide planning and oversight within the department's statutory authority for the state higher education system, to ensure both the efficient use of state resources and progress in implementing a statewide agenda.

BUDGET SUMMARY
(dollars in thousands)

	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	FY09 - 2008-2009		Percent Incr (Decr)
			Agency Request	LFC Recommendation	
SOURCES					
General Fund Transfers	16,910.3	20,115.8	29,618.3	20,870.5	3.8
Other Transfers	0.0	317.3	317.3	317.3	0.0
Federal Revenues	0.0	4,434.1	4,434.1	4,434.1	0.0
Other Revenues	0.0	30.0	30.0	30.0	0.0
SOURCES TOTAL	16,910.3	24,897.2	34,399.7	25,651.9	3.0
USES					
Personal Services and Employee Benefits	2,791.4	3,081.2	4,526.5	3,619.0	17.5
Contractual Services	1,452.7	1,038.1	1,040.4	1,010.4	-2.7
Other	3,457.6	2,772.1	10,826.6	3,016.3	8.8
Other Financing Uses	79,293.0	18,006.2	18,006.2	18,006.2	0.0
TOTAL USES	86,994.7	24,897.6	34,399.7	25,651.9	3.0
FTE					
Permanent	28.5	30.5	46.5	30.5	0.0
Term	5.5	5.5	15.5	14.5	163.6
TOTAL FTE POSITIONS	34.0	36.0	62.0	45.0	25.0

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Output	Number of students enrolled in dual credit programs	6,100		6,500		6,500
Outcome	Percent of first-time degree-seeking university students who have graduated from the same institution or another public institution or have transferred after six years	32%		35%		35%
Efficiency	Percent of properly completed financial aid allocations and draw-downs processed within thirty days	TBD		*TBD		
Outcome	Percent of New Mexico public high schools participating in dual credit programs	84%		90%		90%
Outcome	Percent of New Mexico public postsecondary institutions participating in dual credit programs	100%		100%		100%
Output	Percent of New Mexico high school graduates who are first-time undergraduates who take developmental education courses	47%		40%		40%
Output	Number of recent New Mexico high school graduates who are first-time undergraduates who take developmental education courses	5,036		4,200		4,200
Outcome	Persistence rate of high school graduates who are first-time undergraduates who take developmental education courses	63%		70%		70%
Output	Number of adult basic education students who set passing the general educational development test as a goal	2,731		3,205		3,205
Outcome	Number of adult basic education students who set passing the general educational development test as a goal who succeed	985		1,021		1,016
Outcome	Percent of first-time freshman from New Mexico public high schools	91%		91%		91%

PERFORMANCE MEASURES

		<u>FY06</u> <u>Actual</u>	<u>FY07</u> <u>Actual</u>	<u>FY08</u> <u>Budget</u>	<u>FY09</u> <u>Request</u>	<u>FY09</u> <u>Recomm</u>
Output	Number of first-time freshman from New Mexico public high schools	12,868		13,200		13,200
Output	Number of enrollments in four-year public postsecondary institutions that are transfers from public two-year postsecondary institutions	9,554		11,400		11,400
Outcome	Percent of enrollments in four-year public postsecondary institutions that are transfers from public two-year postsecondary institutions	17%		20%		20%
Outcome	Average number of credit hours accrued in the attainment of a bachelor's degree by students who transfer in versus those who originate at the degree-awarding institution	125:137		125:137		137:125
Outcome	Percent of first-time, degree-seeking community college students who have graduated from the same institution or another public institution or have transferred after three years	11%		15%		15%
Outcome	Number of degrees awarded in career-technical programs geared toward New Mexico's needs	4,338		4,500		4,500
Outcome	Facility condition index for public postsecondary institutions			TBD		TBD
Output	Percent of all special projects and flow-through appropriations disbursed to institutions within thirty days of release of funds by the department of finance and administration or receipt of required institutional documentation					100%
Output	Percent of special appropriation performance reports received from institutions by the due date that are reviewed					100%
Efficiency	Percent of properly completed capital infrastructure draws released to the state board of finance within thirty days of receipt from the institutions	TBD		90%		100%
Output	Number of outreach services and events provided to secondary schools and students related to college readiness, college preparation curriculum and financial aid	100		120		140
Outcome	Percent of adult basic education students who set attainment of general educational development as a goal	13.0%		15%		17%
Output	Percent of capital projects evaluations and audits performed to ensure institutional accountability and responsibility	TBD		TBD		100%
Efficiency	Percent of properly completed financial aid allocations and draw-downs processed within thirty days	TBD		100%		100%

STUDENT FINANCIAL AID PROGRAM

The purpose of the student financial aid program is to provide access, affordability and opportunities for success in higher education to students and their families so that all New Mexicans can benefit from postsecondary education and training beyond high school.

BUDGET SUMMARY
(dollars in thousands)

	<u>FY09 - 2008-2009</u>					Percent Incr (Decr)
	FY07 2006-2007 Actuals	FY08 2007-2008 Budgeted	Agency Request	LFC Recommendation		
SOURCES						
General Fund Transfers	23,914.4	24,127.4	31,097.1	24,877.1	3.1	
Other Transfers	37,584.0	38,704.0	38,704.0	45,643.2	17.9	
Federal Revenues	0.0	569.9	569.9	569.9	0.0	
Other Revenues	0.0	100.0	100.0	100.0	0.0	
Fund Balance	0.0	256.0	256.0	1,121.3	338.0	
SOURCES TOTAL	61,498.4	63,757.3	70,727.0	72,311.5	13.4	
USES						
Other	24,590.0	63,656.9	72,027.0	72,311.5	13.6	
Other Financing Uses	39,601.0	100.0	100.0	0.0	-100.0	
TOTAL USES	64,191.0	63,756.9	72,127.0	72,311.5	13.4	
FTE						
TOTAL FTE POSITIONS	0.0	0.0	0.0	0.0	***	

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Output	Number of students receiving college affordability awards			625		625
Output	Number of lottery success recipients enrolled in or graduated from college after the ninth semester			2,500		2,500
Outcome	Percent of students meeting eligibility criteria for state loan programs who continue to be enrolled by the sixth semester	81%		75%		75%
Outcome	Percent of students meeting eligibility criteria for work-study programs who continue to be enrolled by the sixth semester	74%		70%		70%
Outcome	Percent of students meeting eligibility criteria for merit-based programs who continue to be enrolled by the sixth semester	68%		TBD		85%
Outcome	Percent of students meeting eligibility criteria for need-based programs who continue to be enrolled by the sixth semester	64%		65%		65%

STUDENT FINANCIAL AID BUDGET DETAIL
(dollars in thousands)

	FY07	FY08	HED FY09	LFC FY09	LFC	LFC
	Actual	Budget	Request	REC	\$ inc/dec	% inc/dec
Student Incentive Grant						
general fund	12,427.2	12,052.3	12,052.3	12,052.3	0.0	0.0%
fund balance	0.0	7.7	7.7	7.7	0.0	0.0%
general revenues	100.0	100.0	100.0	100.0	0.0	0.0%
federal funds	0.0	406.0	406.0	406.0	0.0	0.0%
total	12,527.2	12,566.0	12,566.0	12,566.0	0.0	0.0%
College Affordability Endowed Scholarships						
Other Program Revenues				4,000.0	4,000.0	
total	0.0	0.0	0.0	4,000.0	4,000.0	
Nursing Student Loan †						
general fund	338.8	300.0	300.0	300.0	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	338.8	300.0	300.0	300.0	0.0	0.0%
Nurse Educators Fund †						
general fund	0.0	50.0	50.0	50.0	0.0	0.0%
total	0.0	50.0	50.0	50.0	0.0	0.0%
Medical Student Loan Prog.						
general fund	71.0	83.0	83.0	83.0	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	71.0	83.0	83.0	83.0	0.0	0.0%
Osteopathic Student Loan						
general fund	0.0	0.0	0.0	0.0	(0.0)	-100.0%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	0.0	0.0	0.0	0.0	(0.0)	-100.0%
Work-Study						
general fund	5,724.3	5,739.6	11,439.6	5,989.6	250.0	4.4%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	5,724.3	5,739.6	11,439.6	5,989.6	250.0	4.4%
Student Choice						
general fund	978.1	1,004.7	1,004.7	1,004.7	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	(0.0)	-100.0%
total	978.1	1,004.7	1,004.7	1,004.7	(0.0)	0.0%
Vietnam Veterans Scholarship						
general fund	113.6	92.0	132.9	113.6	21.6	23.5%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	113.6	92.0	132.9	113.6	21.6	23.5%
Graduate Scholarship						
general fund	593.2	619.2	619.2	619.2	0.0	0.0%
fund balance	0.0	22.3	22.3	22.3	0.0	0.0%
total	593.2	641.5	641.5	641.5	0.0	0.0%
NM Scholars						
general fund	1,057.1	1,000.0	1,057.2	1,000.0	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	1,057.1	1,000.0	1,057.2	1,000.0	0.0	0.0%
Minority Doctoral Assistance						
general fund	131.3	132.0	132.0	132.0	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	131.3	132.0	132.0	132.0	0.0	0.0%
Teacher Loan-for-Service						
general fund	180.0	250.4	250.4	250.4	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	180.0	250.4	250.4	250.4	0.0	0.0%
Teacher Loan Forgiveness Act*						
general fund	0.0	0.0	400.0	0.0	0.0	
total	0.0	0.0	400.0	0.0	0.0	
Allied Health						
general fund	107.0	108.0	108.0	108.0	0.0	0.0%
fund balance	0.0	0.0	0.0	0.0	(0.0)	-100.0%
total	107.0	108.0	108.0	108.0	(0.0)	0.0%
Health Professional Loan Repayment						
general fund	354.0	416.7	1,416.7	666.7	250.0	60.0%
fund balance	0.0	0.0	0.0	0.0	(0.0)	-100.0%
federal funds	0.0	163.9	163.9	163.9	0.0	0.0%
total	354.0	580.6	1,580.6	830.6	250.0	43.1%
Legislative Endowment Fund						
other program revenues	24.0	24.0	0.0	112.8	88.8	370.0%
fund balance	0.0	0.0	0.0	0.0	(0.0)	-100.0%
total	24.0	24.0	0.0	112.8	88.8	370.0%
WICHE Loan-for-Service						
general fund	1,795.3	1,947.4	2,047.4	2,153.9	206.5	10.6%
fund balance	0.0	226.0	226.0	226.0	0.0	0.0%
total	1,795.3	2,173.4	2,273.4	2,379.9	206.5	10%
Lottery Scholarship						
other program revenues	37,584.0	35,074.0	38,704.0	41,530.4	6,456.4	18.4%
fund balance	4,764.0	3,606.0	0.0	865.3	(2,740.7)	-76.0%
total	42,348.0	38,680.0	38,704.0	42,395.7	3,715.7	9.6%
Dentistry Loan for Service						
general fund	43.5	32.4	54.0	54.0	21.6	66.7%
fund balance	0.0	0.0	0.0	0.0	0.0	
total	0.0	32.4	54.0	54.0	21.6	66.7%
Public Service Law Loan Repayment						
general fund	0.0	299.7	299.7	299.7	0.0	0.0%
total	0.0	299.7	299.7	299.7	0.0	0.0%
Peace Officer and Fire Fighter Fund*						
general fund	0.0	0.0	50.0	0.0	0.0	
total	0.0	0.0	50.0	0.0	0.0	
Higher Education Disability Act*						
general fund	0.0	0.0	1,000.0	0.0	0.0	
total	0.0	0.0	1,000.0	0.0	0.0	
HED Add. Other Program Revenues						
GRAND TOTAL	66,342.9	63,757.3	72,127.0	72,311.5	8,554.2	13.4%
GF GRAND TOTAL	23,914.4	24,127.4	32,497.1	24,877.1	749.7	3.1%

Notes to Student Financial Aid Budget Detail:

† FY09 HED request for Nursing Student Loan for Service program reduced to show Nurse Educators Fund separately.
* Indicates new programs added through 2007 legislative action.

**PRELIMINARY HIGHER EDUCATION FY09 RECURRING FUNDING SUMMARY
(including compensation package)
(dollars in thousands)**

FY08 Operating Budget: (a)	846,311.1		846,311.1	
	HED Req (b)		LFC Rec	
Workload (b):	430.0		2,830.0	
four-year net workload	4,375.2		4,375.2	
two-year net workload	(3,791.0)		(3,791.0)	
Ruidoso Branch phase-in	105.9		105.9	
FY 08 tuition cap op bud reductions	0.0		0.0	
HSC base adj.	(260.2)		2,139.8	
Workload Adjustments:	9,355.5		7,970.3	
Enrollment decline soft landing	0.0		2,146.1	
Dual credit	1,920.3		1,920.3	
Performance funding	2,066.0			
HED proposed square footage methodology	5,369.2		0.0	
Building renewal and replacement to 80% (including special schools)			3,903.9	
Tuition Revenue Credit:	@ 0% 0.0		@ 1.5 % (3,211.7)	
Compensation -- FY08 HED Overestimate (a) (c)	(2,114.6)		(2,365.0)	
ERB Incremental Cost	6,350.4		6,350.4	
RHCAA Contribution Increase			1,693.4	
Inflationary Factors:	4,429.2		4,429.2	
Group Insurance @ 4.0%	1,855.3		@ 4.0% 1,855.3	
Utilities and other fixed costs @ 4.9%	1,761.2		@ 4.9% 1,761.2	
Libraries @ 7.4%	740.2		@ 7.4% 740.2	
Risk Management Insurance @ 0.8%	72.5		@ 0.8% 72.5	
Compensation:				
faculty @ 5%	17,564.9		@ 2% 7,026.0	
non-faculty @ 4%	19,816.9		@ 2% 9,908.4	
Compensation total	37,381.8		16,934.4	
Special Projects:	0.0		400.0	
NMIMT Homeland Security			200.0	
UNM HSC Hepatitis C Comm. Health Outcomes			200.0	
Incentive Funds:				
Program Dev. Enh. Fund for program startup	0.0			
Technology Enhancement Fund	0.0			0.0
Higher Education Performance Fund	see above			0.0
Faculty Endowment Fund (NR)	0.0			see nonrecurring
Student Financial Aid ---see 950 for details:	6,969.7		749.7	
Net Increase in Base	6969.7		749.7	
HED Policy Dev. Program---see 950 for details	9,502.5		754.7	
Technical adjustment	0.0		0.0	
Change from FY08	72,304.5		36,535.4	
Grand Total Higher Education	\$918,615.6		\$882,846.5	

- (a) HED showed FY08 compensation overestimate as an adjustment to base.
- (b) HED Request includes HED agency budget request dated September 1, 2007 and HED revised request for higher education dated November 16, 2007.
- (c) LFC compensation adjustment reflects undistributed institutional compensation of \$2,114.6 thousand and \$263.6 thousand of adult basic education (verified to base budget in September 1, 2007 HED request).

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
	FY06 (2005-2006)	FY07 (2006-2007)	FY08 (2007-2008)	FY09 (2008-2009)			
Agency/Institution/Program	ACTUAL	ACTUAL	BUDGET (incl. SB 611 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
UNM							
I&G	160,639.6	169,961.6	188,558.1		190,781.6	2,223.5	1.2%
Athletics	2,703.8	2,745.1	2,804.1		2,804.1	0.0	0.0%
Educational Television	1,292.5	1,330.4	1,377.2		1,377.2	0.0	0.0%
Gallup	8,692.6	9,098.6	9,902.7		10,188.8	286.1	2.9%
Nursing Expansion	35.8	35.8	35.8		35.8	0.0	0.0%
Los Alamos	2,326.5	2,414.0	2,352.3		2,295.2	-57.0	-2.4%
Valencia	4,521.1	4,692.1	5,084.3		5,017.6	-66.7	-1.3%
Taos	1,822.7	2,058.8	2,487.1		2,590.6	103.5	4.2%
Judicial Selection	73.9	77.1	80.4		80.4	0.0	0.0%
Judicial Education Center	161.7	163.3	371.2		371.2	0.0	0.0%
Spanish Resource Center	106.4	108.6	111.6		111.6	0.0	0.0%
Southwest Research Center	1,483.8	1,559.2	1,935.6		1,935.6	0.0	0.0%
Substance Abuse Program	150.4	154.5	160.5		160.5	0.0	0.0%
Native American Intervention	189.5	196.2	200.6		200.6	0.0	0.0%
Resource Geographic Info Sys	127.8	133.3	140.4		140.4	0.0	0.0%
Natural Heritage Program	77.6	79.7	82.1		82.1	0.0	0.0%
Southwest Indian Law Clinic	120.5	207.4	214.8		214.8	0.0	0.0%
BBER-Census & Pop. Analysis	243.0	252.7	417.1		417.1	0.0	0.0%
New Mexico Historical Review	81.5	84.3	87.1		87.1	0.0	0.0%
Ibero-American Ed. Consortium	164.9	173.9	183.3		183.3	0.0	0.0%
Youth Educ. Recreation Prog.	139.5	147.8	154.7		154.7	0.0	0.0%
Advanced Materials Research	65.4	68.1	68.9		68.9	0.0	0.0%
Mfg. Engineering Prog.	628.3	641.7	656.9		656.9	0.0	0.0%
Hispanic Student Center	121.5	127.8	127.8		127.8	0.0	0.0%
Wildlife Law Education	71.5	74.4	152.4		152.4	0.0	0.0%
Women's Career Development	22.5	23.4	24.0		24.0	0.0	0.0%
Youth Leadership Development	72.7	76.0	78.8		78.8	0.0	0.0%
Morrissey Hall Research	55.9	57.1	60.1		60.1	0.0	0.0%
Disabled Student Services	222.2	233.9	233.9		233.9	0.0	0.0%
Min. Grad Recruit & Retention	162.1	167.5	167.5		167.5	0.0	0.0%
Graduate Research Dev. Fund	86.5	86.4	86.4		86.4	0.0	0.0%
Community Based Education	413.1	843.5	864.2		864.2	0.0	0.0%
Corrine Wolfe Children's Law Center	65.5	68.4	314.8		314.8	0.0	0.0%
Mock Trials Program	22.8	82.7	82.7		82.7	0.0	0.0%
ENLACE	95.0	94.9	94.9		94.9	0.0	0.0%
Pre-college minority student math/science	171.0	170.8	315.8		315.8	0.0	0.0%
Special Projects Expansion	0.0	1,468.4	1,382.8		1,382.8	0.0	0.0%
Latin American Student Recruitment		247.0	247.0		247.0	0.0	0.0%
Saturday Science and Math Academy		70.0	70.0		70.0	0.0	0.0%
Utton Transboundary Resources Center		140.0	431.0		431.0	0.0	0.0%
Law College Prep Mentoring Program		125.0	200.0		200.0	0.0	0.0%
Navajo language research and teaching			100.0		100.0	0.0	0.0%
Biomedical engineering			200.0		200.0	0.0	0.0%
Student athlete retention			250.0		250.0	0.0	0.0%
Department of media arts			357.0		357.0	0.0	0.0%
International education initiatives			280.0		280.0	0.0	0.0%
College mentoring program			132.0		132.0	0.0	0.0%
Institute for aerospace engineering			100.0		100.0	0.0	0.0%
Alfonso Ortiz center			40.0		40.0	0.0	0.0%
Research service learning			50.0		50.0	0.0	0.0%
Licensed alcohol/drug counselor internship			20.0		20.0	0.0	0.0%
Student mass transit			35.0		35.0	0.0	0.0%
African American studies			30.0		30.0	0.0	0.0%
Center Latin American resources & outreach			25.0		25.0	0.0	0.0%
UNM Total	187,431.1	200,541.4	224,020.0		226,509.4	2,489.4	1.1%

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
	FY06 (2005-2006)	FY07 (2006-2007)	FY08 (2007-2008)	FY09 (2008-2009)			
Agency/Institution/Program	ACTUAL	ACTUAL	BUDGET (incl. SB 611 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
Health Sciences Center							
Medical School I & G	46,797.6	50,603.2	58,889.3		61,423.3	2,534.0	4.3%
Cancer Center	2,711.6	2,828.9	2,941.6		2,941.6	0.0	0.0%
Office of Medical Investigator	3,367.7	3,526.1	4,106.4		4,106.4	0.0	0.0%
EMS Academy	806.9	850.1	893.9		893.9	0.0	0.0%
Children's Psychiatric Hospital	5,724.1	6,436.5	7,269.2		7,269.2	0.0	0.0%
Hemophilia Program	540.1	556.6	576.5		576.5	0.0	0.0%
Carrie Tingley Hospital	4,201.4	4,699.8	5,266.5		5,266.5	0.0	0.0%
Out-of-County Indigent	1,242.4	1,241.1	1,241.1		1,241.1	0.0	0.0%
Specialized Perinatal Care	554.3	574.1	599.3		599.3	0.0	0.0%
Newborn Intensive Care	3,180.9	3,356.5	3,583.1		3,583.1	0.0	0.0%
Pediatric Oncology	779.1	417.7	478.8		478.8	0.0	0.0%
Young Children's Health Center	269.0	417.6	621.9		621.9	0.0	0.0%
Pediatric Pulmonary Program	184.4	193.0	203.0		203.0	0.0	0.0%
Area Health Education Centers	227.6	178.2	179.6		179.6	0.0	0.0%
Grief Intervention Program	164.5	172.1	181.0		181.0	0.0	0.0%
Pediatric Dysmorphology	143.6	149.7	157.3		157.3	0.0	0.0%
Locum Tenens	498.9	653.0	780.1		780.1	0.0	0.0%
Center for Disaster Medicine	101.8	107.1	111.6		111.6	0.0	0.0%
Poison Control Center	1,454.4	1,077.3	1,381.7		1,381.7	0.0	0.0%
Fetal Alcohol Study	168.0	174.0	180.8		180.8	0.0	0.0%
Telemedicine	436.1	307.0	529.2		529.2	0.0	0.0%
Nurse Mid-wifery	377.4	393.1	393.1		393.1	0.0	0.0%
Nursing Expansion	1,418.2	1,490.7	1,490.7		1,490.7	0.0	0.0%
Lung/Tobacco-rel. Res. & Clinical	1,000.0	0.0	0.0		0.0	0.0	0.0%
Genomics, Biocomp, & Env. Health	1,552.9	126.1	201.5		201.5	0.0	0.0%
Los Pasos Program	52.0	4.9	7.3		7.3	0.0	0.0%
Trauma Specialty Education	408.2	29.8	29.8		29.8	0.0	0.0%
Pediatrics Specialty Education	408.1	29.0	29.0		29.0	0.0	0.0%
Native American Health Center	300.0	311.4	324.0		324.0	0.0	0.0%
Children's Cancer Camp	100.0	107.3	108.8		108.8	0.0	0.0%
Oncology	100.0	99.9	99.9		99.9	0.0	0.0%
Donated Dental Services	25.0	25.0	25.0		25.0	0.0	0.0%
Special Projects Expansion	0.0	735.0	680.0		680.0	0.0	0.0%
Rural physicians residencies		299.7	299.7		299.7	0.0	0.0%
Hepatitis C Comm. Health Outcomes			550.0		750.0	200.0	36.4%
Dental Residencies			100.0		100.0	0.0	0.0%
Cooperative Pharmacy Program			457.0		457.0	0.0	0.0%
Integrative Medicine Program			312.0		312.0	0.0	0.0%
Nurse Advice Line			35.0		35.0	0.0	0.0%
Rural Clinical Improvements			57.0		57.0	0.0	0.0%
Pediatrics Telehealth			10.0		10.0	0.0	0.0%
Multidisciplinary Evaluation Clinic			50.0		50.0	0.0	0.0%
Health Sciences Total	79,296.3	82,321.7	95,431.8		98,165.7	2,734.0	2.9%

HIGHER EDUCATION INSTITUTIONAL BUDGET SUMMARY (dollars in thousands)							
	FY06 (2005-2006)	FY07 (2006-2007)	FY08 (2007-2008)	FY09 (2008-2009)			
Agency/Institution/Program	ACTUAL	ACTUAL	BUDGET (incl. SB 611 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
NMSU							
I&G	103,674.0	108,498.8	118,525.8		124,271.1	5,745.3	4.8%
Athletics	2,978.3	3,409.4	3,592.5		3,592.5	0.0	0.0%
Rodeo		50.0	50.0		50.0	0.0	0.0%
Educational Television	1,159.6	1,208.6	1,266.7		1,266.7	0.0	0.0%
Alamogordo	5,579.6	5,810.9	6,273.9		6,351.3	77.4	1.2%
Nursing Expansion	28.9	30.1	30.1		30.1	0.0	0.0%
Carlsbad	3,629.0	3,614.2	3,674.1		4,013.1	339.0	9.2%
Nursing Expansion	36.0	37.4	37.4		37.4	0.0	0.0%
Dona Ana	14,360.2	16,293.6	18,504.0		19,289.8	785.8	4.2%
Nursing Expansion	107.4	112.4	112.4		112.4	0.0	0.0%
Grants	2,764.3	2,868.0	3,125.6		3,223.0	97.5	3.1%
Department of Agriculture	8,676.6	9,457.8	11,263.9		11,263.9	0.0	0.0%
Agricultural Experiment Station	13,228.4	14,028.7	15,230.9		15,275.8	44.9	0.3%
Cooperative Extension Service	10,096.0	11,012.8	12,257.8		12,257.8	0.0	0.0%
Water Resources Research	426.6	442.7	458.9		458.9	0.0	0.0%
Coordination of Mexico Prog.	90.7	97.1	101.5		101.5	0.0	0.0%
Indian Resources Development	371.4	379.4	388.8		388.8	0.0	0.0%
Mfg. Sector Development Program	384.0	402.6	421.6		421.6	0.0	0.0%
Waste Mgmt. Ed./Res. Cons.	497.7	512.6	531.0		531.0	0.0	0.0%
Alliance for Underrep. Students	348.1	365.1	384.4		384.4	0.0	0.0%
Campus Security	89.3	90.3	90.3		90.3	0.0	0.0%
Carlsbad Mfg. Sector Development	350.3	363.6	363.6		363.6	0.0	0.0%
Nursing Expansion	432.6	449.7	449.7		449.7	0.0	0.0%
Arrowhead Center for Business Dev.	72.0	106.9	111.6		111.6	0.0	0.0%
Viticulturist	72.0	71.9	151.9		151.9	0.0	0.0%
Family Strengthening/Parenting Classes	47.5	47.5	47.5		47.5	0.0	0.0%
Aerospace Engineering	152.0	151.8	486.8		486.8	0.0	0.0%
Math and Science Skills Disadv. Students	28.5	28.5	30.6		30.6	0.0	0.0%
Special Projects Expansion	0.0	1,530.6	1,440.6		1,440.6	0.0	0.0%
NM Space Consortium Grant		50.0	50.0		50.0	0.0	0.0%
Las Vegas Schools Ag Education Project		110.0	110.0		110.0	0.0	0.0%
Institute for International Relations			200.0		200.0	0.0	0.0%
Tribal extension program			247.0		247.0	0.0	0.0%
Mental health nurse practitioner program			325.0		325.0	0.0	0.0%
Family wellness program			57.0		57.0	0.0	0.0%
Virtual film school			50.0		50.0	0.0	0.0%
Space consortium and outreach program			102.0		102.0	0.0	0.0%
Alliance teaching and learning advancement			175.0		175.0	0.0	0.0%
Center for economics & personal finance			50.0		50.0	0.0	0.0%
College assistance migrant program			307.0		307.0	0.0	0.0%
Southwest institute early childhood			0.0		0.0	0.0	0.0%
English teacher collaborative			20.0		20.0	0.0	0.0%
Nursing scholarships			100.0		100.0	0.0	0.0%
NMSU Total	169,681.1	181,632.9	201,196.8		208,286.7	7,089.8	3.5%
NMHU							
I&G	23,833.1	27,202.3	28,985.4		29,279.3	293.9	1.0%
Athletics	1,375.1	1,601.5	1,635.4		1,635.4	0.0	0.0%
Visiting Scientist	17.5	18.1	18.9		18.9	0.0	0.0%
Upward Bound	96.8	96.7	111.7		111.7	0.0	0.0%
Advanced Placement	281.3	288.1	294.4		294.4	0.0	0.0%
Native American Rec. & Ret.	42.6	44.2	44.2		44.2	0.0	0.0%
Diverse Populations Study	210.1	218.8	230.9		230.9	0.0	0.0%
Spanish Program	288.0	287.7	287.7		287.7	0.0	0.0%
Special Projects Expansion	0.0	575.9	535.9		535.9	0.0	0.0%
Spanish/English Immersion Program		199.8	199.8		199.8	0.0	0.0%
Forest and watershed institute		249.7	249.7		249.7	0.0	0.0%
Bilingual Education Materials		60.0	60.0		60.0	0.0	0.0%
Social work outreach and clinical training			50.0		50.0	0.0	0.0%
Wrestling program			150.0		150.0	0.0	0.0%
Rodeo			134.0		134.0	0.0	0.0%
Medical health interpreter training center			20.0		20.0	0.0	0.0%
NMHU Total	26,144.6	30,842.8	33,007.9		33,301.9	293.9	0.9%

	FY06 (2005-2006)	FY07 (2006-2007)	FY08 (2007-2008)	FY09 (2008-2009)			
Agency/Institution/Program	ACTUAL	ACTUAL	BUDGET (incl. SB 611 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
WNMU							
I&G	14,707.1	15,333.3	16,298.7		16,767.2	468.5	2.9%
Athletics	1,529.5	1,632.9	1,718.0		1,718.0	0.0	0.0%
Child Development Center	564.1	588.2	588.2		588.2	0.0	0.0%
NAFTA	14.7	14.7	14.7		14.7	0.0	0.0%
Instructional Television	123.2	126.1	128.6		128.6	0.0	0.0%
Nursing Expansion	145.0	157.4	182.4		182.4	0.0	0.0%
Web-based Teacher Licensure	213.8	388.6	388.6		388.6	0.0	0.0%
Special Projects Expansion	0.0	321.5	297.4		297.4	0.0	0.0%
WNMU Total	17,297.4	18,562.8	19,616.6		20,085.1	468.5	2.4%
ENMU							
I&G	22,006.9	24,074.5	26,808.8		26,925.5	116.7	0.4%
Athletics	1,650.5	1,757.1	1,927.1		1,927.1	0.0	0.0%
Educational Television	1,049.1	1,090.1	1,139.4		1,139.4	0.0	0.0%
Roswell	12,864.3	14,013.2	15,114.6		15,325.4	210.7	1.4%
Roswell-Distance Ed. for High School		75.4	75.0		75.0	0.0	0.0%
Nursing Expansion	72.5	75.0	75.4		75.4	0.0	0.0%
Ruidoso	769.2	1,226.2	1,372.1		1,661.8	289.7	21.1%
Ruidoso-Adult Basic Education		135.0	178.8		178.8	0.0	0.0%
Center for Teaching Excellence	253.2	260.3	268.4		268.4	0.0	0.0%
Blackwater Draw Site & Mus.	88.1	92.7	97.6		97.6	0.0	0.0%
Airframe Mechanics	70.8	73.6	73.6		73.6	0.0	0.0%
Job Trng for Physically & Ment.	22.8	24.0	24.0		24.0	0.0	0.0%
Assessment Project	130.1	135.0	141.1		141.1	0.0	0.0%
Nursing Expansion	42.0	42.0	42.0		42.0	0.0	0.0%
Social Work	149.4	156.1	156.1		156.1	0.0	0.0%
Special Projects Expansion	0.0	609.0	563.4		563.4	0.0	0.0%
Math and Science Programs		25.0	25.0		25.0	0.0	0.0%
Student Success Programs		77.0	77.0		77.0	0.0	0.0%
Distance Teacher Education			175.0		175.0	0.0	0.0%
At Risk Student Tutoring			98.0		98.0	0.0	0.0%
Speech & Hearing Rehabilitation Outreach			54.0		54.0	0.0	0.0%
Science and Math Teacher Development			95.0		95.0	0.0	0.0%
ENMU Total	39,169.0	43,941.2	48,581.4		49,198.6	617.1	1.3%
NMIMT							
I&G	24,180.6	25,752.7	28,035.2		27,515.0	-520.2	-1.9%
Athletics	162.5	169.2	177.2		177.2	0.0	0.0%
Geophysical Research Center	863.8	953.0	995.9		995.9	0.0	0.0%
Bureau of Mines	3,788.7	3,920.9	4,077.1		4,077.1	0.0	0.0%
Petroleum Recovery Research	1,872.7	1,912.5	2,186.2		2,186.2	0.0	0.0%
Bureau of Mine Inspection	286.6	297.4	306.7		306.7	0.0	0.0%
Energetic Materials Center	761.2	766.8	786.3		786.3	0.0	0.0%
Science Fair/Science Olympiad	308.5	362.5	418.9		418.9	0.0	0.0%
Homeland Security	238.5	308.4	316.8		516.8	200.0	63.1%
Cave & Karst Research	317.3	429.3	446.0		446.0	0.0	0.0%
Institute for Complex Additive Sys Ana	523.2	540.8	624.2		624.2	0.0	0.0%
MESA		180.0	255.0		255.0	0.0	0.0%
Special Projects Expansion	0.0	1,037.3	959.5		959.5	0.0	0.0%
Acquifer mapping			264.0		264.0	0.0	0.0%
Preengineering program			50.0		50.0	0.0	0.0%
Southeast NM center for energy studies			250.0		250.0	0.0	0.0%
Statewide teacher student computer program			60.0		60.0	0.0	0.0%
High school student summer science program			72.0		72.0	0.0	0.0%
NMIMT Total	33,303.5	36,630.9	40,281.1		39,960.9	-320.2	-0.8%
NNMC							
I&G	8,230.2	8,449.6	10,009.9		10,051.5	41.6	0.4%
Northern Pueblo's Institute	54.6	56.7	60.0		60.0	0.0	0.0%
Nursing Expansion	29.2	29.2	29.2		29.2	0.0	0.0%
Special Projects Expansion	0.0	456.0	421.8		421.8	0.0	0.0%
Middle School Teachers Math/Science		250.0	250.0		250.0	0.0	0.0%
Math and Science teacher education			100.0		100.0	0.0	0.0%
Health sciences and nursing program			200.0		200.0	0.0	0.0%
Faculty salaries			120.0		120.0	0.0	0.0%
NNMC Total	8,314.0	9,241.5	11,190.9		11,232.5	41.6	0.4%

Agency/Institution/Program	FY06 (2005-2006)	FY07 (2006-2007)	FY08 (2007-2008)	FY09 (2008-2009)			
	ACTUAL	ACTUAL	BUDGET (incl. SB 611 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
SFCC							
I&G	9,482.0	9,737.9	10,594.9		9,636.3	-958.6	-9.0%
Small Business Devlpt. Centers	3,187.8	3,559.5	4,673.4		4,673.4	0.0	0.0%
Sign Language Services	21.3	22.5	22.5		22.5	0.0	0.0%
Nursing Expansion	36.3	38.5	38.5		38.5	0.0	0.0%
SFCC Total	12,727.4	13,358.3	15,329.2		14,370.6	-958.6	-6.3%
CNMCC							
I&G	48,914.0	52,409.5	54,903.4		53,053.2	-1,850.2	-3.4%
Tax Help New Mexico		0.0	342.0		342.0	0.0	0.0%
CNMCC Total	48,914.0	52,409.5	55,245.4		53,395.2	-1,850.2	-3.3%
LCC							
I&G	7,167.1	7,772.3	8,381.8		8,507.2	125.4	1.5%
Nursing Expansion	36.1	36.1	36.1		36.1	0.0	0.0%
LVT Total	7,203.2	7,808.4	8,417.9		8,543.2	125.4	1.5%
MCC							
I&G	2,406.9	2,512.5	2,811.0		3,050.2	239.2	8.5%
MTC Total	2,406.9	2,512.5	2,811.0		3,050.2	239.2	8.5%
NMJC							
I&G	7,186.2	7,851.1	6,773.9		7,393.9	620.1	9.2%
Athletics	38.7	39.1	41.5		41.5	0.0	0.0%
Nursing Expansion	81.8	84.6	84.6		84.6	0.0	0.0%
Lea County distance education consortium			100.0		100.0	0.0	0.0%
NMJC Total	7,306.7	7,974.8	7,000.0		7,620.0	620.1	8.9%
SJC							
I&G	19,417.3	20,557.5	20,457.5		21,300.4	842.9	4.1%
Dental Hygiene	195.6	204.7	204.7		204.7	0.0	0.0%
Nursing Expansion	351.8	367.3	367.3		367.3	0.0	0.0%
Oil and Gas Job Training Program	100.9	100.8	100.8		100.8	0.0	0.0%
Indigent Youth Program		79.9	79.9		79.9	0.0	0.0%
SJC Total	20,065.6	21,310.3	21,210.2		22,053.1	842.9	4.0%
CCC							
I&G	10,155.9	10,417.3	10,350.1		10,128.5	-221.5	-2.1%
Nursing Expansion	72.0	71.9	71.9		71.9	0.0	0.0%
CCC Total	10,227.9	10,489.3	10,422.0		10,200.5	-221.5	-2.1%
Four-Year/Two-Year Total	669,488.6	719,578.1	793,762.2		805,973.6	12,211.4	1.5%
NMMI							
I&G	0.0	0.0	850.7		972.3	121.5	14.3%
Knowles Legislative Scholarship		575.0	715.0		715.0	0.0	0.0%
Special Projects Expansion	0.0	213.8	197.8		197.8	0.0	0.0%
NMMI Total	0.0	788.8	1,763.5		1,885.0	121.5	6.9%
NMSBVI							
I&G	164.6	153.1	296.4		334.7	38.3	12.9%
Low vision clinic programs			10.0		10.0	0.0	0.0%
NMSBVI Total	164.6	153.1	306.4		344.7	38.3	12.5%
NM School for the Deaf							
I&G	2,128.3	2,524.4	3,595.8		3,639.6	43.9	1.2%
Statewide outreach services			275.0		275.0	0.0	0.0%
School for the Deaf Total	2,128.3	2,524.4	3,870.8		3,914.6	43.9	1.1%
Special School GF Total	2,292.9	3,466.3	5,940.7		6,144.4	203.7	3.4%

HIGHER EDUCATION

952-980

	FY06 (2005-2006)	FY07 (2006-2007)	FY08 (2007-2008)	FY09 (2008-2009)			
Agency/Institution/Program	ACTUAL	ACTUAL	BUDGET (incl. SB 611 recurring op. bud.)	HED REQUEST - Incomplete submission; details not available	LFC REC (lump sum comp)	Dollar Change	Percent Change
Higher Education Department							
Operating	2,129.1	2,370.0	3,185.5		3,939.8	754.3	23.7%
Adult Basic Education	5,685.0	5,869.1	6,186.5		6,186.5	0.0	0.0%
Student Financial Aid	23,213.6	23,929.4	24,127.0		24,877.1	750.1	3.1%
High Skills	600.0	599.4	599.4		599.4	0.0	0.0%
Nursing Compensation	0.0	0.0	500.0		500.0	0.0	0.0%
NM MESA, Inc.	914.4	983.4	1,183.4		1,183.4	0.0	0.0%
Contract to Train Dentists in NM	50.0	0.0	0.0		0.0	0.0	0.0%
Program Development Enhancement Fund	2,000.0	3,496.2	3,499.9		3,499.0	-0.9	0.0%
Dental Hygiene Program	0.0	499.6	750.0		750.0	0.0	0.0%
Nurse Educators Fund	66.5	0.0	0.0		0.0	0.0	0.0%
Special Projects Expansion	0.0	2,678.0	1,720.5		1,720.5	0.0	0.0%
ENLACE		299.7	600.0		600.0	0.0	0.0%
Dental residencies		99.9	0.0		0.0	0.0	0.0%
Athletics			1,000.0		1,000.0	0.0	0.0%
Laws of 2007, Chapter 21 (SB 611 Flow-through)			891.0		891.0	0.0	0.0%
HED Total	34,658.6	40,824.7	44,243.2		45,746.7	1,503.5	3.4%
COMPENSATION + ERB Increase					24,978.2		
FY08 HED Compensation Overestimate			2,365.0		0.0	-2,365.0	-100.0%
HIGHER EDUCATION TOTAL	706,440.1	763,869.1	846,311.2		882,842.8	36,531.7	4.3%

STATUTORY AUTHORITY:

Article XII, Section 11, of the New Mexico Constitution established the state educational institutions and the control and management of each institution by a board of regents. Most statutory provisions related to postsecondary education can be found in Sections 21-1-1 through 21-29-6 NMSA 1978.

BUDGET ISSUES:

The committee recommends a total of \$882.8 million of recurring general fund appropriations for FY09 for higher education, including the Higher Education Department and a 2 percent total compensation increase for faculty and staff. This recommendation represents an increase of \$36.5 million, or over 4 percent, from the FY08 operating budget.

The Higher Education Department (HED) submitted its funding request for higher education to the Legislature in accordance with Section 9-25-9 NMSA 1978 on November 1, 2007. The submission was incomplete and was missing many elements discussed at a September meeting with Legislative Finance Committee, Department of Finance and Administration and Higher Education Department staff. HED revised the November 1, 2007, request significantly and added a few more elements to the submission and presented an improved request on November 16, 2007. Yet, some items still have not been provided. For example, HED did not recommend research and public service projects.

The November 16 HED request included a \$7.9 million increase for workload (including performance funding) despite weak enrollment growth, strong revenue credits and a number of universities and colleges falling below the 5 percent enrollment decline funding threshold. The committee recommendation fully funds workload, as calculated according to past practice at \$582 thousand, along with the next year of \$105.9 thousand of phase-in funding for branch campus status at Eastern New Mexico University-Ruidoso.

In large part due to the strength of the New Mexico economy and uncertainties surrounding military bases and one of the state's national laboratories, seven institutions posted enrollment declines, which reduce general fund appropriations under the enrollment band concept. This is up from five last year. With respect to changes in student credit hour growth rates, these institutions are Western New Mexico University at -7 percent, Eastern New Mexico University-Roswell at -12 percent, New Mexico State University-Carlsbad at -9 percent, University New Mexico-Los Alamos at -8 percent, Clovis Community College at -7 percent, Luna Community College at -13, percent and San Juan College at -6 percent. Three institutions showed enrollment declines greater than 5 percent in both FY08 and FY09. The following institutions qualified for a workload increase: New Mexico State University, New Mexico Highlands University, Eastern New Mexico University-Ruidoso, New Mexico State University-Dona Ana, New Mexico State University-Grants, University of New Mexico-Taos, and Mesalands Community College. Overall, the statewide student credit hour growth was virtually flat (see Volume III table for details by institution).

Based on the concepts discussed by the Formula Enhancement Task Force, the committee proposes a "soft landing" for enrollment losses, which limits the automatic general fund reduction for qualifying institutions in a given year to 3 percent. Supplemental losses are carried forward to the next funding year, allowing the institution time to react to the changing environment. The general fund cost of this approach is \$2.1 million. The committee proposal is not retroactive for those institutions that received nonrecurring enrollment decline offset funding in FY08.

Finally, workload includes a \$260.2 thousand cut in equipment renewal and replacement adjustments for the University of New Mexico Health Sciences Center consistent with formula methodology. In addition, formula methodology resulted in a relatively large workload adjustment for institutions experiencing both movement out of the enrollment band and tuition increases -- the difference between the change in the formula tuition expenditure and the tuition base adjustment. This formula adjustment is impacted by the 0 percent tuition credit assumed in the FY08 operating budget.

The committee takes credit for a low tuition increase of 1.5 percent, which reduces general fund appropriations to higher education institutions by \$3.2 million. The 2007 legislative initiative to cap tuition increases at 5 percent in the current academic year was effective, with only Western New Mexico University slightly exceeding the cap at 5.32 percent for resident undergraduate students (note New Mexico Junior College was exempt). HED and the Department of Finance and Administration (DFA) have not yet certified the appropriate operating budget reductions. In its request, HED called for a 0 tuition credit and requested that the cap be extended to both tuition and fees. The committee agrees with the philosophy that students and parents look at the total cost and do not distinguish between tuition and fees. Of concern is that Section 21-1-4 NMSA 1978 includes debt service in the definition of a general fee; therefore, the committee does not wish to constrain the obligation of institutions to meet debt service payments to bond holders by capping general fees. That said, the clear legislative intent of the 2007 cap was to keep higher education affordable, and the committee encourages a thorough discussion of this issue during the upcoming legislative session. The committee places the cap on tuition at 4.5 percent for resident students in academic year 2008-2009; tuition increases in excess of this rate would result in a reduction of an institution's instruction and general operating budget.

The dual-credit tuition revenue credit proposal related to high school students taking college courses is discussed in Volume I and is included in the committee recommendation. The FY09 cost to the general fund of this new credit is \$1.9 million.

HED proposed a new methodology for the physical plant and utilities component of workload funding, which attempted to update the appropriate square footage for each institution. This methodology change was not presented to or discussed by the Formula Enhancement Task Force. Further, HED officials reported that the data was not properly validated. The HED methodology change has a total cost of \$5.4 million, with one institution receiving 62 percent of the increase.

The committee recognizes the continued need for funding of maintenance along with adequate funding to maintain existing space. Given the lack of transparency in this significant HED methodology change and lack of opportunity for stakeholder input, the committee does not fund the recommended change during the 2007 session. Instead, the committee recommendation expands the current building renewal and replacement (BR&R) formula factor from 70 percent to 80 percent at a cost of \$3.9 million to bring the state closer to its stated goal of 100 percent funding of the fixed formula square footage base. Building renewal and replacement is currently funded at 70 percent of full cost to allow institutions to address the maintenance of aging buildings. If BR&R were to be fully funded, the funding would provide 3 percent of the replacement cost of eligible facilities on an annual basis. Legislation enacted in 2004 expanded the BR&R formula to the facilities of the agricultural research centers of New Mexico State University. In recent years, the Legislature also extended the BR&R factor to the New Mexico School for the Deaf, New Mexico School for the Blind and Visually Impaired, and New Mexico Military Institute. These schools are included in the committee's recommendation.

The committee strongly encourages the Formula Enhancement Task Force during the 2008 interim to comprehensively identify the appropriate, qualifying square footage at each institution; establish transparent criteria for all stakeholders to understand the definition of eligible space; and to establish a full funding plan over time. Clearly, the facility condition index prepared by 3DI in 2006 will be valuable to this process.

The committee recommendation funds the HED request for all inflationary factors for a total of \$4.4 million. This includes 4 percent for group insurance, 4.9 percent for utilities, 7.4 percent for libraries, and 0.8 percent for risk management insurance.

In the area of compensation, the committee recommendation updates for the FY08 compensation overestimate by HED (reducing recurring general fund appropriations by \$2.4 million), provides for the next incremental of the employer share of ERB contributions at a cost of \$6.4 million and provides for a 0.2 percent contribution increase for Retiree Health Care Authority.

While the committee strongly supports the need to incorporate funding of outcomes in the higher education funding formula, the committee does not provide funding for the Formula Enhancement Task Force proposal as advanced in the HED request. At this time, the committee has concerns that the HED request was only for 25 percent of the task force recommendation, or \$2.1 million. Further, HED stated that the reduced amount would permit the agency to "test and perfect the model." In this vein, HED has not addressed the allocation of funds appropriated in 2006 for this purpose. Significant resources of the task force were engaged in developing the proposal. The committee encourages the task force to continue to refine the proposal, engage broad stakeholder input, and present another proposal next fall. In the coming months, higher education institutions will have the opportunity to address concerns about performance accountability data, benchmarking processes, target-setting, and reporting mechanisms.

With respect to special projects, the committee has concerns about the growth of research and public service projects within the higher education budget, as well as the alignment of these projects with state goals and strategic plans. Further, there are significant concerns about accountability and performance outcomes for state funding. The LFC performance evaluation staff will release their findings based on analysis of a sample of these projects in January 2007. The committee encourages the Legislature to consider the findings and take appropriate action during the 2008 session.

In this recommendation, the committee continues to provide funds for programs that serve statewide interests and fulfill the public service mission of higher education at the FY08 operating budget level. The committee recommends an increase of \$200 thousand for the Homeland Security project of New Mexico Institute of Mining and Technology. This funding is intended to address the needs for services provided by Hidalgo County to the Playas Training and Research Center. Finally, tobacco settlement program funds are authorized for various health-related initiatives within the higher education budget consistent with the FY08 operating budget.

The committee recommendation provides a \$2.4 million lump-sum increase for University of New Mexico Health Sciences Center to address School of Medicine faculty and staff expansions and funding for the combined BA/MD program. The committee recommendation also provides \$200 thousand to the Hepatitis C Community Health Outcomes project (Project ECHO).

The committee recommends increasing operating funding for special schools consistent with raising building renewal and replacement from 70 percent to 80 percent. In the case of the New Mexico School for the Deaf, the committee notes the possibility of significantly stronger than projected revenues from land grant permanent fund distributions than those reported by HED. With the potential for cash balances as a percent of expenditures in excess of 20 percent (at the lower revenue projections), the Legislature may wish to consider a reduction in the operating budget for the New Mexico School for the Deaf.

RECOMMENDED LANGUAGE:

On approval of the higher education department, the state budget division of the department of finance and administration may approve increases in budgets of agencies in this section, with the exception of the policy development and institutional financial oversight program of the higher education department, whose other state funds exceed amounts specified. In approving budget increases, the director of the state budget division shall advise the legislature through its officers and appropriate committees, in writing, of the justification for the approval.

In reviewing institutional operating budgets, the higher education department shall ensure funds appropriated for nursing programs at public postsecondary institutions are directed to that purpose.

The general fund appropriations for special project expansions are to continue projects initiated by Chapter 34 of Laws 2005.

By March 1, 2008, the department of finance and administration shall certify to all stakeholders the reductions in the fiscal year 2008 operating budget of each public postsecondary institution due to tuition increases beyond the cap specified in the General Appropriation Act of 2007.

Except as otherwise provided, any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall not revert to the general fund.

The general fund appropriation to the New Mexico institute of mining and technology for the bureau of mines includes one hundred thousand dollars (\$100,000) from federal Mineral Lands Leasing Act receipts.

For every higher education institution: If the board of regents increases tuition for the 2008-2009 academic year more than four and one-half percent over the rates for the 2007-2008 academic year for resident students, the general fund appropriation for _____ campus instruction and general purposes shall be reduced by an amount equal to the incremental amount generated by the tuition rate increase over four and one-half percent.

For UNM HSC: The other state funds appropriations to the university of New Mexico health sciences center includes five million four hundred thousand dollars (\$5,400,000) from the tobacco settlement fund for the following: one million dollars (\$1,000,000) for research and clinical care programs in lung and tobacco-related illnesses; one million dollars (\$1,000,000) for instruction and general purposes; one million five hundred thousand dollars (\$1,500,000) for research in genomics, biocomputing and environmental health; four hundred fifty thousand dollars (\$450,000) for the poison control center; four hundred thousand dollars (\$400,000) for the pediatric oncology program; one hundred fifty thousand dollars (\$150,000) for the telemedicine program; fifty thousand dollars (\$50,000) for the los pasos program; fifty thousand dollars (\$50,000) for area health education centers; four hundred thousand dollars (\$400,000) for specialty education in trauma; and four hundred thousand dollars (\$400,000) for specialty education in pediatrics. These funds may not be used for any other purpose.

UNM MAIN CAMPUS

The purpose of the instruction and general program is to provide education services designated to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Number of first-time freshmen from New Mexico who are Native American	129	144	204	204	204
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	76%	74.4%	76.6%	76.8%	76.8%
* Output	Number of post-baccalaureate degrees awarded	1,395	1,435	1,350	1,375	1,375
Output	Number of degrees awarded using extended services	95	112	190	210	210
* Outcome	Amount of external dollars for research and public service, in millions	\$111.1	\$112.3	\$117.0	\$118.0	\$118.0
* Output	Number of undergraduate transfer students from two-year colleges	1,617	1,600	1,630	1,650	1,650
* Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	41.1%	43.4%	44.0%	44.5%	44.5%

UNM GALLUP BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	44.6%	48.0%	42.5%	45%	45%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	7.2%	8.9%	9.4%	9.4%	9.4%
* Outcome	Percent of graduates placed in jobs in New Mexico	60.7%	60.7%	60.4%	60.7%	60.7%
Outcome	Percent of Hispanic students enrolled	9.40%	9.3%	10%	10%	10%
Outcome	Percent of Hispanic graduates	8.32%	10.6%	11%	11%	11%
Output	Number of students enrolled in the adult basic education program	807	580	735	735	735
* Output	Number of students enrolled in the area vocational schools program	417	385	440	420	420
Efficiency	Percent of programs having stable or increasing enrollments	70%	65%	60%	65%	65%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	79.3%	81.7%	82%	82%	82%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	70.5%	74.5%	75%	75%	75%

UNM LOS ALAMOS BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	53%	53.4%	65%	55%	55%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	54.2%	47.2%	55%	55%	55%
* Outcome	Percent of graduates placed in jobs in New Mexico	42%	43.8%	43%	44%	44%
Outcome	Percent of Asian graduates	2%	3.1%	5%	4%	4%
Output	Number of students enrolled in the adult basic education program	495	414	485	460	460
* Output	Number of students enrolled in the small business development center program	511	308	580	310	310
Efficiency	Percent of programs having stable or increasing enrollments	63.6%	48.5%	65%	65%	65%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	66.7%	76.4%	75%	77%	77%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	64%	61.7%	65.5%	65%	65%
Outcome	Percent of white students enrolled	45%		53%		

UNM VALENCIA BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	63%	66.4	62%	62	62
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	5%	7.1%	23%	12%	12%
* Outcome	Percent of graduates placed in jobs in New Mexico	68%	66.5%	68%	68%	68%
Outcome	Percent of Native Americans enrolled	3.3%	3.2%	4.4%	4.4%	4.4%
Outcome	Percent of Native American graduates	3.6%	3.1%	3.5%	3.5%	3.5%
* Output	Number of students enrolled in the adult basic education program	924	885	950	950	950
Output	Number of students enrolled in the community services program	2,063	2,819	3,000	3,000	3,000
Efficiency	Percent of programs having stable or increasing enrollments	61%	72.5%	75%	75%	75%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	77%	89%	75%	80%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	83%	80.6%	83%	83%	83%

UNM TAOS BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

		PERFORMANCE MEASURES					
		FY06	FY07	FY08	FY09	FY09	
		Actual	Actual	Budget	Request	Recomm	
*	Outcome	Percent of new students taking nine or more credit hours successful after three years	58%	59.6%	58%	59%	59%
	Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	10%	7.9%	23%	20%	20%
*	Outcome	Percent of graduates placed in jobs in New Mexico	55%	64.5%	56%	65%	65%
	Outcome	Percent of males enrolled	31%	30%	34%	33%	33%
	Outcome	Percent of male graduates	33%	22.5%	21%	23%	23%
	Output	Number of students enrolled in the adult basic education program	224	360	250	300	300
*	Output	Number of students enrolled in the concurrent enrollment program	1,394	382	1,600	400	400
	Efficiency	Percent of programs having stable or increasing enrollments	47%	54.8%	52%	55%	55%
*	Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	68%	65.6%	75%	70%	70%
	Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	77%	79%	78%	80%	80%

UNM HEALTH SCIENCES CENTER

The purpose of the instruction and general program is to provide education services designated to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy, and contribute to social advancement through informed citizenship.

		PERFORMANCE MEASURES					
		FY06	FY07	FY08	FY09	FY09	
		Actual	Actual	Budget	Request	Recomm	
	Output	Number of degrees awarded using extended university courses	21	41	25	25	25
*	Output	University of New Mexico hospital inpatient readmission rate	9.1	9.8	12.0	4.8	4.8
	Outcome	University of New Mexico inpatient satisfaction rate	76.8%	79%	80.1%	80.6%	80.6%
*	Output	Number of university of New Mexico cancer research and treatment center clinical trials	209	230	188	230	230
	Outcome	Pass rate on licensure test by college of nursing students	93.8%	94.4%	85.0%	85.0%	85.0%
	Outcome	Number of health science center technology commercialization activities	66	85	86	89	89
*	Output	Number of post-baccalaureate degrees awarded	271	253	277	284	284
*	Outcome	External dollars for research and public service, in millions	\$229.4	\$218	\$245.5	\$250.4	\$250.4
*	Outcome	Pass rates for step three of the United States medical licensing exam on the first attempt	100%	96%	98%	98%	98%
	Outcome	Percent of medical students who secured one of their top three choices in the residency program	78%	89%	86%	86%	86%
	Outcome	Medical student satisfaction rates on national standardized survey	84.6%	93.4%	91.0%	90.2	90.2
	Output	Number of university of New Mexico hospital clinic visits	341,347	364,063	381,571	425,165	425,165
	Output	Number of university of New Mexico hospital inpatient discharges	22,724	22,832	23,748	26,781	26,781
	Output	Percent of human poisoning exposures treated safely at home after poison and drug information center contact	67%	68%	70%	70%	70%

NMSU MAIN CAMPUS

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Number of first-time, Native American freshmen enrolled	79	76	116	116	116
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	70.4%	75.6%	75%	82.0%	82.0%
Output	Number of degree programs offered via distance education	23	27	28	28	28
Quality	Percent of academic departments or programs using the results of student learning outcomes for improvement	89%	94%	91%	91%	91%
* Outcome	External dollars for research and creative activity, in millions	\$181.1	\$184.2	\$185.0	\$173.3	\$173.3
* Output	Number of teacher preparation programs available at New Mexico community college sites	5	4	5	5	5
* Outcome	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	41.9%	45%	50%	50%	50%
* Outcome	Number of undergraduate transfer students from two-year colleges	884	656	1,028	1,028	1,028

NMSU ALAMOGORDO BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	46.4%	45.2%	48%	48%	48%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	9.2%	10.5%	14%	14%	14%
* Outcome	Percent of graduates placed in jobs in New Mexico	62.6%	66.3%	64%	66%	66%
Outcome	Percent of Hispanic students enrolled	25%	25.9%	25.5%	25.5%	25.5%
Outcome	Percent of Native Americans graduates	6.3%	3.5%	3.3%	3.7%	3.7%
Output	Number of students enrolled in the adult basic education program	806	662	820	720	720
* Output	Number of students enrolled in the small business development center program	919	727	1,000	900	900
Efficiency	Percent of programs having stable or increasing enrollments	92.3%	73.9%	90%	88%	88%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	72.4%	74.9%	78%	78%	78%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	72.3%	74.3%	75%	75%	75%

NMSU CARLSBAD BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY09</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	54.3%	66.2%	55%	67%	67%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate- seeking community college students who complete the program in one hundred fifty percent of normal time to completion		5%	7%	7%	7%
* Outcome	Percent of graduates placed in jobs in New Mexico	80.3%	79.8%	82%	82%	82%
Outcome	Percent of Hispanic students enrolled	37.3%	38.4%	40%	40%	40%
Outcome	Percent of Hispanic graduates	32.8%	33.0%	36%	36%	36%
* Output	Number of students enrolled in the contract training program	442	419	450	450	450
Output	Number of students enrolled in the area vocational school program	83	369	85	325	325
Efficiency	Percent of programs having stable or increasing enrollments	74%	63.2%	75%	75%	75%
Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	70.5%	68.6%		71%	71%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	85.2%	84.6%	83%	86%	86%

NMSU DONA ANA BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY09</u>
		<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Request</u>	<u>Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	49.3%	50.5%	43%	45%	45%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	9.4%	9.7%	15%	15%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	76.7%	74.6%	77%	77%	77%
Outcome	Percent of males enrolled	43.4%	43.2%	47%	45%	45%
Outcome	Percent of Hispanic graduates	63.4%	60.4%	59%	60%	60%
Output	Number of students enrolled in the contract training program	1,491	1,944	1,500	1,700	1,700
* Output	Number of students enrolled in the adult basic education program	4,955	4,732	5,100	5,000	5,000
Efficiency	Percent of programs having stable or increasing enrollments	93.1%	91.4%	90%	91%	91%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	81.1%	79.5%	81%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	82.3%	81.4%	82%	82%	82%

NMSU GRANTS BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	49.6%	51.1%	47%	52%	52%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	12.8%	14.7%	17.2%	15%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	80.9%	81.6%	80%	82%	82%
Outcome	Percent of Hispanic students enrolled	32.8%	32.1%	33%	33%	33%
Outcome	Percent of Native American graduates	42.1%	42.1%	36%	43%	43%
Output	Number of students enrolled in the adult basic education program	375	339	375	350	350
* Output	Number of students enrolled in the community services program	1,014	626	725	700	700
Efficiency	Percent of programs having stable or increasing enrollments	67%	71.2%	70%	72%	72%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	74.5%	77.8%	73.6%	78%	78%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	86.2%	86.9%	85%	87%	87%

NEW MEXICO HIGHLANDS UNIVERSITY

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of Native American students enrolled	6.8%	6.8%	8%	6.5%	6.5%
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	54%	58%	61%	53%	53%
Output	Number of students enrolled in extended services	1,285	1,143	1,300	1,100	1,100
* Outcome	Percent of graduating seniors indicating "satisfied" or "very satisfied" with the university on student satisfaction survey	80%	86.3%	90%	90%	90%
* Outcome	Percent of total funds generated by grants and contracts	26%	26%	20%	23%	23%
* Output	Number of undergraduate transfer students from two-year colleges	256	417	437	437	437
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	23%	20%	20%	20%	20%

WESTERN NEW MEXICO UNIVERSITY

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Number of entering first-time, full-time freshmen who are Native American	8	2	5	4	4
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	53.9%	50%	51%	50.0%	50.0%
Output	Number of courses available through instructional television and online via the internet	146	187	175	180	180
Efficiency	Year-end instruction and general balance as a percent of instruction and general expenditures	3.8%	3.7%	3%-5%	3-5%	3-5%
* Output	Number of graduates receiving teacher licensure	160	152	155	155	155
* Outcome	External dollars to be used for programs to promote student success, in millions	\$6.9	\$4.6	\$4.1	\$3.0	\$3.0
* Output	Number of undergraduate transfer students from two-year colleges	153	148	150	160	160
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	20%	19.1%	20%	21.0%	21.0%

ENMU MAIN CAMPUS

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
Outcome	Number of Hispanic first-year students enrolled	162	219	225	200	200
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	57.6%	52.4%	60.0%	60.0%	60.0%
Output	Number of internet-based courses offered	101	172	150	200	200
* Outcome	External dollars supporting research and student success, in millions	\$8.3	\$7.8	\$8.80	\$8.0	\$8.0
* Output	Number of undergraduate transfer students from two-year colleges	431	411	400	390	390
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	34.6%	28.6%	33.0%	33.0%	33.0%
Outcome	Percent of graduating seniors who are "satisfied" or "very satisfied" with their educational experience.	96.9%	96.8%	95.0%	95.0%	95.0%

ENMU ROSWELL BRANCH

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of new students taking nine or more credit hours successful after three years	59.8%	52.7%	61%	60%	60%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	12.9%	13.7%	13.5%	13.9%	13.9%
* Outcome	Percent of graduates placed in jobs in New Mexico	72.5%	69.2%	73%	73%	73%
Outcome	Percent of males enrolled	46.4%	46.7%	46.5%	46.5%	46.5%
Outcome	Percent of male graduates	46.2%	54%	26.5%	40%	40%
Output	Number of students enrolled in the concurrent enrollment program	707	693	630	650	650
Output	Number of students enrolled in the distance education program	2,355	2,914	2,000	2,100	2,100
* Efficiency	Percent of programs having stable or increasing enrollments	72.1%	70.6%	80%	75%	75%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75.2%	74.6%	75.9%	75.5%	75.5%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	76%	75.6%	76.5%	77%	77%

ENMU RUIDOSO

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		FY06 Actual	FY07 Actual	FY08 Budget	FY09 Request	FY09 Recomm
* Outcome	Percent of new students taking nine or more credit hours successful after three years	56.6%	52.1%	59%	59%	59%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	34.8%	10.9%	26.2%	20%	20%
Outcome	Percent of graduates placed in jobs in New Mexico		71.6%	75%	75%	75%
Outcome	Percent of Hispanic students enrolled	20.8%	21.3%	22.5%	22.5%	22.5%
Outcome	Percent of Hispanic student graduates	24.3%	21.7%	23.5%	25%	25%
Output	Number of students enrolled in adult basic education	352	533	400	475	475
Output	Number of students enrolled in the contract training program	461	698	495	525	525
* Efficiency	Percent of programs having stable or increasing enrollments	64%	75.4%	65%	75%	75%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	54.8%	64%	54.9%	60%	60%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	78.5%	80.2%	84%	84%	84%

NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY

The purpose of the instruction and general program is to provide education services designed to meet the intellectual, educational and quality of life goals associated with the ability to enter the work force, compete and advance in the new economy and contribute to social advancement through informed citizenship.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Number of Hispanic and Native American first-time freshmen enrolled	101	100	80	80	80
* Outcome	Percent of full-time, degree-seeking, first-time freshmen retained to second year	68%	69%	75%	75%	75%
Output	Number of students enrolled in distance education courses	255	242	248	330	330
* Output	Number of students registered in master of science teaching program	146	94	100	150	150
* Outcome	External dollars for research and creative activity, in millions	\$70	\$85	\$75	\$100	\$100
* Output	Number of undergraduate transfer students from two-year colleges	38	36	40	40	40
* Output	Percent of full-time, degree-seeking, first-time freshmen completing an academic program within six years	43%	45%	45%	45%	45%

NORTHERN NEW MEXICO COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	61%	63.1%	71%	70%	70%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	9.7%	9.9%	15.0%	15%	15%
* Outcome	Percent of graduates placed in jobs in New Mexico	67%	61.9%	70%	70%	70%
Outcome	Percent of Native Americans enrolled	6.9%	7.5%	9.3%	9.0%	9.0%
Outcome	Percent of Native American graduates	8.5%	9.0%	7%	9.5%	9.5%
* Output	Number of students enrolled in the adult basic education program	404	411	300	400	400
Output	Number of students enrolled in the concurrent enrollment program	232	212	300	280	280
Efficiency	Percent of programs having stable or increasing enrollments	47%	57.8%	60%	60%	60%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	80.4%	80%	75%	80%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	76%	73.0%	80%	80%	80%

SANTA FE COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	47.9%	51%	48%	52%	52%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	4.0%	5.9%	8%	7.9%	7.9%
* Outcome	Percent of graduates placed in jobs in New Mexico	73.2%	77.2%	78%	78%	78%
Outcome	Percent of Hispanic students enrolled	35.5%	34.1%	43%	43%	43%
Outcome	Percent of Hispanic graduates	45.5%	44.1%	46%	46%	46%
Output	Number of students enrolled in the adult basic education program	2,212	1832	2,300	2,100	2,100
* Output	Number of students enrolled in the contract training program	2,762	2,932	3,000	3,000	3,000
Efficiency	Percent of programs having stable or increasing enrollments	79.6%	71.1%	77%	77%	77%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	75%	76.1%	75%	76%	76%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	78%	80.5%	78.5%	79%	79%

CENTRAL NEW MEXICO COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	50%	48%	48%	48%	48%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	7.6%	8.0%	11%	11%	11%
* Outcome	Percent of graduates placed in jobs in New Mexico	79.4%	80.1	82%	82%	82%
Outcome	Percent of Hispanic students enrolled	40.8%	41%	40.9%	40.9%	40.9%
Outcome	Percent of Hispanic graduates	35.7%	37.2%	37.2%	37.2%	37.2%
* Output	Number of students enrolled in distance education program	4,048	4,812	2,900	3,500	3,500
Output	Number of students enrolled in concurrent enrollment program	849	948	650	750	750
Efficiency	Percent of programs having stable or increasing enrollments	77.9%	75.7%	85%	80%	80%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	78.5%	77.7%	83.3%	80%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	84.1%	85.1%	84%	85%	85%

LUNA COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	49%	55.3%	54%	57%	57%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	19%	24.7%	22.5%	25%	25%
* Outcome	Percent of graduates placed in jobs in New Mexico	88%	91.7%	90%	92%	92%
Outcome	Percent of white students enrolled	12%	12.6%	16%	16%	16%
Outcome	Percent of male graduates	26%	21.4%	25%	25%	25%
Output	Number of students enrolled in the health education center program	3,161	3,173	2,800	3,200	3,200
* Output	Number of students enrolled in the small business development center program	404	278	400	325	325
Efficiency	Percent of programs having stable or increasing enrollments	83%		80%	80%	80%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	78%		80%	80%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	90%		90%	90%	90%

MESALANDS COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	45.4%	48.9%	45.6%	45.6%	49%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	28.4%	27.2%	30%	30%	30%
* Outcome	Percent of graduates placed in jobs in New Mexico	67.3%	69.3%	67.5%	69.5%	69.5%
Outcome	Percent of Hispanic students enrolled	36.4%	34.6%	36.6%	36.6%	36.6%
Outcome	Percent of female graduates	39.1%	42.9%	39.3%	43%	43%
Output	Number of students enrolled in the adult basic education program	365	235	390	300	300
* Output	Number of students enrolled in the small business development center program	70	64	75	70	70
Efficiency	Percent of programs having stable or increasing enrollments	80%	76.7%	80%	80%	80%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	58.5%	60%	64%	64%	64%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	67.3%	71.9%	67.5%	72%	72%

NEW MEXICO JUNIOR COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	60.9%	58.1%	65%	60%	60%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	33.8%	33%	27%	30%	30%
* Outcome	Percent of graduates placed in jobs in New Mexico	68.6%	65.6%	67%	67%	67%
Outcome	Percent of Hispanic students enrolled	35.3%	37.1%	34%	35%	35%
Outcome	Percent of Hispanic graduates	36.6%	37%	34%	35%	35%
Output	Number of students enrolled in the area vocational school program	175	335	182	200	200
* Output	Number of students enrolled in distance education program	6,139	9,068	4,300	7,000	7,000
Efficiency	Percent of programs having stable or increasing enrollments	64.9%	76.1%	82%	80%	80%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	70.9%	70.1%	72.5%	72.5%	72.5%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	75.3%	72.8%	76%	76%	76%

SAN JUAN COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	70.4%	68.1%	71%	70%	70%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	13.3%	14.6%	15.7%	15.7%	15.7%
* Outcome	Percent of graduates placed in jobs in New Mexico	60.3%	61%	62%	62%	62%
Outcome	Percent of Native Americans enrolled	31.2%	32.4%	27%	29%	29%
Outcome	Percent of Native American graduates	22.8%	21.9%	26%	25%	25%
Output	Number of students enrolled in the community services program	2,734	2,812	2,720	2,900	2,900
* Output	Number of students enrolled in the service learning program	381	433	385	400	400
Efficiency	Percent of programs having stable or increasing enrollments	73.7%	61.5%	85%	80%	80%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	72.6%	74.0%	80%	80%	80%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	63.9%	64.9%	70%	67%	67%

CLOVIS COMMUNITY COLLEGE

The purpose of the instruction and general program at New Mexico's community colleges is to provide credit and noncredit postsecondary education and training opportunities to New Mexicans so that they have the skills to be competitive in the new economy and are able to participate in lifelong learning activities.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of new students taking nine or more credit hours successful after three years	71%	70.3%	72%	72%	72%
Outcome	Percent of a cohort of full-time, first-time, degree- or certificate-seeking community college students who complete the program in one hundred fifty percent of normal time to completion	7.3%	8.7%	20%	20%	20%
* Outcome	Percent of graduates placed in jobs in New Mexico	64%	70.4%	72%	72%	72%
Outcome	Percent of Hispanic students enrolled	27.3%	28.2%	29%	29%	29%
Outcome	Percent of Hispanic graduates	27.8%	28.7%	29%	29%	29%
Output	Number of students enrolled in the distance education program	1,173	1,363	1,100	1,200	1,200
* Output	Number of students enrolled in the concurrent enrollment program	402	546	560	600	600
Efficiency	Percent of programs having stable or increasing enrollments	76%	71.4%	79%	75%	75%
* Outcome	Percent of first-time, full-time, degree-seeking students enrolled in a given fall term who persist to the following spring term	80.6%	78.9%	81%	81%	81%
Outcome	Percent of graduates placed in jobs and continuing their education in New Mexico	73%	77.3%	79%	79%	79%

NEW MEXICO MILITARY INSTITUTE

The purpose of the New Mexico military institute is to provide a college-preparatory instruction for students in a residential, military environment culminating in a high school diploma or associates degree.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Output	Percent of full-time-equivalent capacity enrolled each fall term	94%	90%	95%	95%	95%
* Outcome	American college testing composite scores for graduating high school seniors	21.2	22.1	21.5	21.5	21.5
Outcome	Collegiate assessment of academic proficiency writing scores for graduating college sophomores					
Outcome	Collegiate assessment of academic proficiency reading scores for graduating college sophomores	61	59	61	61	61
Outcome	Collegiate assessment of academic proficiency mathematics scores for graduating college sophomores	58	58	62	62	62
Quality	Number of faculty holding master's or doctoral degrees from accredited institutions	65	63	60	60	60
* Quality	Number of faculty development events	69	89	72	75	75
* Efficiency	Percent of cadets on scholarships or financial assistance	80%	80%	70%	75%	75%
Efficiency	Total annual cost of attendance	\$8,048	\$8,302	\$8,302	\$8,302	\$8,302

NEW MEXICO SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

The purpose of the New Mexico school for the blind and visually impaired program is to provide the training, support, and resources necessary to prepare blind and visually impaired children of New Mexico to participate fully in their families, communities and the work force and to lead independent, productive lives.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
Outcome	Percent of students achieving at least seventy percent of annual individualized education					
Output	Number of students served at main campus	64				
Quality	Number of staff proficient in Braille on main campus	49		52		
Efficiency	Ratio of students per teacher at main campus					
Outcome	Percent of students achieving at least seventy percent of annual individualized education program goals in the early childhood program					
Output	Number of students served through the early childhood program	1,611				
Quality	Number of staff proficient in Braille within early childhood program	27		27		
Efficiency	Number of students per teacher in the early childhood program					
Output	Number of students served through outreach programs	124				
Quality	Number of staff proficient in Braille in outreach programs	9	85%	9		
* Quality	Percent of parents' and districts' rating of overall quality of services based on annual survey	86%	91%	86%		86%
* Output	Number of students served through a full continuum of services	1,799	1,947	1,979		1,979
Outcome	Number of training opportunities within the state using a diverse service delivery model	2	112	4		
Outcome	Number of contacts with outside agencies	81	102	60		100
Efficiency	Number of interactions and communications among departments and programs	25	26	26	10	10

NEW MEXICO SCHOOL FOR THE DEAF

The purpose of the New Mexico school for the deaf program is to provide a school-based comprehensive, fully accessible and language-rich learning environment for its students who are deaf or hard-of-hearing and to work collaboratively with families, agencies and communities throughout the state to meet the unique communication, language and learning needs of children and youth who are deaf or hard-of-hearing.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of students in grades three to twelve demonstrating academic improvement across curriculum domains	74.5%	72%	75%		75%
Outcome	Percent of students in grades three to twelve who are significantly cognitively delayed demonstrating sufficient growth across curricular domains	78%	95%	75%		75%
* Outcome	Rate of transition to postsecondary education, vocational-technical training schools, junior colleges, work training or employment for graduates based on a three-year rolling average	90%	90%	90%		90%
Outcome	Percent of students in grades three to twelve who are late language learners who demonstrate significant gains in language and communication as demonstrated by pre- and post-test results	85%	84%	80%		80%
* Outcome	Percent of parents satisfied with educational services from New Mexico school for the deaf	93%	91%	90%		90%
Outcome	Number of teachers and support staff participating in a two-year intensive staff development-training program in bilingual education methodologies	14	12	10		10
Outcome	Percent of parents with children receiving outreach services indicating ability to make informed decisions about educational options and programs	71%	64%	100%		100%
Outcome	Percent of individualized education program meetings that address special factors of language and communication	100%	100%	100%		100%
Outcome	Number of children per year referred to the step*hi program by age six months identified through newborn hearing screening	19	11	20		
Outcome	Percent of students enrolled in preschool, kindergarten and first and second grade programs demonstrating three- to six-month developmental progress	94%	92%	100%		100%
Outcome	Percent of level one beginning licensed teachers assigned a mentor	50%	100%	90%		90%

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY09
(DOLLARS IN THOUSANDS)

	FY07 APPROPRIATION	FY08 APPROPRIATION	FY09 PSS REQUEST	FY09 LFC RECOMMENDATION
1 PROGRAM COST	\$2,025,533.3	\$2,175,399.2	\$2,328,883.9	\$2,328,883.9
2 Adjustment for prior year workload decline	(\$2,996.9)			
3 ENROLLMENT GROWTH	\$11,987.4	\$9,488.5	\$10,530.1	\$10,530.1
4 FIXED COSTS	\$3,166.3	\$6,796.0	\$3,758.8	\$3,758.8
5 INSURANCE COSTS	\$21,227.7	\$10,324.8	\$20,385.2	\$19,283.6
6 IMPLEMENTATION OF NEW FUNDING FORMULA (contingent on enactment of legislation)				\$25,000.0
7 PUBLIC SCHOOL EMPLOYEE COMPENSATION:				
8 Teachers	\$55,789.1	\$58,040.0	\$24,875.4	\$24,875.4
9 Instructional Staff	\$9,638.4	\$9,240.6	\$3,959.5	\$3,959.5
10 Other Certified and Non-certified, including EAS	\$18,232.9	\$23,315.7	\$10,343.7	\$10,343.7
11 Additional Instructional Assistant Compensation (4.5%)	\$7,907.7			
12 Additional Instructional Support Staff Compensation (2% above general compensation in FY07)		\$3,159.3		
13 Additional Principal and Assistant Principal Compensation (2% above general compensation in FY07)		\$1,732.3		
14 Minimum Salaries - Three-tiered License Structure				
15 Level 3 to \$45,000 in FY07	\$6,841.3	\$9,118.6		
16 Level 3 to \$50,000 in FY 08				
17 Increase in Employer's ERB Contribution (.75 percent)	\$13,215.6	\$14,268.9	\$14,490.0	\$14,692.0
18 Increase in Retiree Health Care Contribution (contingent on enactment of legislation)				\$4,008.7
19 Elementary Fine Arts	\$4,795.0	\$8,000.0	\$8,000.0	\$8,000.0
20 Elementary Physical Education			\$464.8	\$8,000.0
21 Assessment and Test Development-School District Costs				
22 Scheduling Adjustment	\$61.4			
23 PROGRAM COST	\$2,175,399.2	\$2,328,883.9	\$2,386,512.8	\$2,453,335.7
24	Dollar Increase Over FY08 Appropriation	\$153,484.7	\$57,628.9	\$124,451.8
25	Percentage Increase	7.1%	2.5%	5.3%
26 LESS PROJECTED CREDITS	(\$57,600.0)	(\$55,600.0)	(\$55,400.0)	(\$55,400.0)
27 LESS OTHER STATE FUNDS (from driver's license fees)	(\$850.0)	(\$750.0)	(\$750.0)	(\$750.0)
28 STATE EQUALIZATION GUARANTEE	\$2,116,949.2	\$2,272,533.9	\$2,330,362.8	\$2,397,185.7
29	Dollar Increase Over FY08 Appropriation	\$155,584.7	\$57,828.9	\$124,651.8
30	Percentage Increase	7.3%	2.7%	5.5%
31 CATEGORICAL PUBLIC SCHOOL SUPPORT				
32 TRANSPORTATION				
33 Operational	\$91,385.0	\$91,186.6	\$97,039.4	\$97,039.4
34 School-owned Bus Replacements		\$420.4	\$468.8	\$420.4
35 Rental Fees (Contractor-owned Buses)	\$10,605.1	\$11,000.4	\$11,974.1	\$11,974.1
36 Kindergarten Plus Transportation		\$336.6		
37 Compensation	\$2,074.2	\$2,266.0	\$198.9	\$908.0
38 Increase in Employer's ERB Contribution (.75 percent)	\$325.2	\$356.9	\$198.9	\$340.5
39 TOTAL TRANSPORTATION	\$104,389.5	\$105,566.9	\$109,681.2	\$110,682.4
40 SUPPLEMENTAL DISTRIBUTIONS				
41 Out-of-state Tuition	\$369.6	\$370.0	\$370.0	\$370.0
42 Emergency Supplemental	\$1,997.9	\$2,000.0	\$2,000.0	\$2,000.0
43 INSTRUCTIONAL MATERIAL FUND (FY 09 - Career Technical, Adult Basic Ed, Drivers Ed)	\$32,965.4	\$37,224.9	\$43,182.1	\$35,181.3
44 EDUCATIONAL TECHNOLOGY FUND	\$4,994.8	\$6,000.0	\$6,000.0	\$6,000.0
45 INCENTIVES FOR SCHOOL IMPROVEMENT FUND	\$1,598.3		\$1,598.0	\$6,000.0
46 INDIAN EDUCATION FUND		\$2,500.0	\$2,500.0	\$2,500.0
47 SCHOOL LIBRARY MATERIAL FUND		\$2,000.0	\$2,000.0	\$2,000.0
48 SCHOOLS IN NEED OF IMPROVEMENT FUND	\$2,397.5	\$2,500.0	\$2,500.0	\$2,500.0
49 TEACHER PROFESSIONAL DEVELOPMENT FUND	\$2,500.0	\$2,500.0	\$2,500.0	\$1,500.0
50 TOTAL CATEGORICAL	\$148,713.0	\$158,161.8	\$172,331.3	\$162,733.7
51 TOTAL PUBLIC SCHOOL SUPPORT	\$2,285,662.2	\$2,430,695.7	\$2,502,694.1	\$2,559,194.4
52	Dollar Increase Over FY08 Appropriation	\$165,033.5	\$71,998.4	\$129,223.7
53	Percentage Increase	7.3%	3.0%	5.3%

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY09
(DOLLARS IN THOUSANDS)

54	Public Education Department	\$12,628.0	\$14,956.3	\$20,551.3	\$17,503.7	54
55	Advanced Placement	\$1,198.7	\$2,000.0	\$2,000.0	\$2,000.0	55
56	After School Enrichment Program/Twenty-First Century Community Learning Centers		\$3,500.0			56
57	Anti Obesity Programs/Before and After School Physical Activity and Nutrition		\$650.0	\$1,000.0		57
58	Apprenticeship Assistance	\$649.3	\$650.0	\$650.0	\$650.0	58
59	Beginning Teacher Mentorship	\$899.1	\$2,000.0	\$2,000.0	\$2,000.0	59
60	Breakfast for Elementary Students		\$2,450.0	\$5,771.8	\$2,450.0	60
61	College and High School Redesign Initiative in the Los Lunas Public School District		\$210.0			61
62	Core Curriculum Framework	\$381.6				62
63	Cyber Academy for Rio Rancho High School	\$256.9	\$155.0	\$50.0		63
64	Family and Youth Resource Act	\$1,498.4	\$1,500.0	\$1,500.0	\$1,500.0	64
65	Fiesta Educative Parent Conference and Outreach	\$7.0				65
66	Food to Schools		\$500.0	\$500.0		66
67	GRADS - Teen Pregnancy Prevention	\$999.0	\$1,000.0	\$1,000.0	\$1,000.0	67
68	High School Redesign			\$2,000.0		68
69	Indian Education Act	\$2,497.4	\$2,500.0			69
70	International Film Program for Middle School Students		\$13.0			70
71	Kindergarten-three Plus *	\$999.0	\$7,163.4	\$7,163.4	\$7,163.4	71
72	New Mexico Cyber Academy		\$500.0	\$2,500.0	\$500.0	72
73	Parental Training and Involvement			\$2,000.0		73
74	Pre-kindergarten Program **	\$3,995.8	\$7,000.0	\$14,815.3	\$7,000.0	74
75	Professional Development Statewide - Miscellaneous	\$100.0	\$374.5			75
76	READING MATERIALS FUND					76
77	REC Distance Learning Networks (for RECs 3, 8, and 9)		\$120.0	\$240.0	\$120.0	77
78	Regional Education Cooperatives Operations			\$1,000.0		78
79	Rural Education/Community Revitalization			\$1,000.0		79
80	School Improvement Framework		\$3,000.0	\$3,000.0	\$3,000.0	80
81	School Transportation Safety Equipment and Training		\$10.0			81
82	Statewide School Safety Crime stoppers		\$230.0			82
83	Summer Reading, Math and Science Institutes	\$699.3	\$2,500.0	\$3,000.0	\$3,000.0	83
84	Triancy Prevention/Dropout Prevention	\$999.0	\$1,000.0	\$1,000.0	\$1,000.0	84
85	TOTAL RELATED APPROPRIATIONS- RECURRING	\$27,805.5	\$53,982.2	\$72,741.8	\$48,887.1	85
86	GRAND TOTAL	\$2,293,467.7	\$2,484,677.9	\$2,575,435.9	\$2,608,806.5	86
87	Dollar Increase Over FY08 Appropriation		\$191,210.2	\$90,758.0	\$124,128.6	87
88	Percentage Increase		8.3%	3.7%	5.0%	88

* An additional \$3 million for Kindergarten-three Plus in FY09 to be funded with Temporary Assistance for Needy Families (TANF) grant

** An additional \$2 million for the Pre-Kindergarten programs in FY09 to be funded with TANF grant

PUBLIC SCHOOL SUPPORT AND RELATED APPROPRIATIONS FOR FY09
(DOLLARS IN THOUSANDS)

89	Assessment and Test Development (Special Education Alternative Assessment NCLB)	\$6,600.0	\$500.0					90
90	Breakfast for Elementary Students	\$2,000.0	\$400.0					91
91	Computer Based Math and On-demand Student/Classroom Information Access	\$2,500.0						92
92	American Diploma Project (to LESC)		\$50.0					93
93	New 11 th Grade Test		\$1,500.0			\$5,741.4		94
94	Leadership Turnaround Specialists/School Improvement		\$150.0					95
95	Elementary Physical Education /Anti-obesity Programs	\$2,000.0						96
96	Emergency Supplemental	\$5,000.0						97
97	Emergency support to hold school districts harmless from decreased revenue.		\$6,300.0			\$6,300.0		98
98	Fuel for Public School Buses						\$1,500.0	99
99	For ISD and Motor Pool Charges (deficiency for FY07)						\$1,633.1	100
100	High School Redesign					\$2,000.0		101
101	Holding school districts harmless from reductions in SEG distributions resulting from implementation of a new public school funding formula (Requires Legislation)						\$8,100.0	102
102	New Mexico Outdoor Classroom Initiative		\$250.0					103
103	New Mexico School for the Arts					\$450.0		104
104	Operating Budget Management System							105
105	Parental Training and Involvement/Domestic Violence Curriculum	\$750.0						106
106	Pre-apprentice Program Development					\$2,000.0		107
107	Pre-kindergarten Start-up	\$1,500.0				\$6,559.0		108
108	Public School Funding Formula	\$500.0						109
109	Regional Education Cooperatives Operations	\$750.0	\$1,050.0					110
110	Rural Education/Community Revitalization	\$250.0						111
111	School Improvement Framework	\$6,000.0				\$10,000.0		112
112	SCHOOL LIBRARY MATERIAL FUND	\$3,000.0						113
113	School Owned Bus Replacements	\$3,680.9						114
114	Specialized Legal Services for Gallup-McKinley Supreme Court Hearing		\$120.0					115
115	STARS district training support pilot program						\$69.0	116
116	STATE EQUALIZATION GUARANTEE (to offset reductions in Impact Aid Credits FY07)		\$1,000.0					117
117	STATE SUPPORT RESERVE FUND		\$1,000.0					118
118	Statewide Language Arts and Science Voluntary Curriculum Development					\$750.0		119
119	Summer Camp Program in Santa Fe	\$300.0	\$175.0					120
120	Summer Reading, Math and Science Institutes	\$1,000.0						121
121	TEACHER PROFESSIONAL DEVELOPMENT FUND	\$2,000.0						122
122	Three-tiered Evaluation system	\$300.0						123
123	Uniform Public School Chart of Accounts	\$122.5						124
124	Westside School District Feasibility Study					\$95.0		125
125	TOTAL RELATED APPROPRIATIONS: NONRECURRING	\$39,253.4	\$12,495.0			\$33,895.4	\$11,364.1	

STATUTORY AUTHORITY:

Article XII, Section 1, of the New Mexico Constitution provides that a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state shall be established and maintained. Statutory provisions related to public school education can be found in the Public School Code, Chapter 22 NMSA 1978. Constitutional amendments passed in 2003 restructured state education administration from one directed by an elected board to an executive agency under the governor and increased the amount of funding distributed to public schools and all beneficiaries of income from state trust land.

BUDGET ISSUES:

Public schools receive operational revenue from the general fund, federal funds, other state funds, local revenue, and cash balances.

The Public Education Department (PED) uses the state equalization guarantee (SEG), also known as the "funding formula," to distribute money to public schools. About 90 percent of a school district's operational revenue is derived through the formula. The formula, designed to guarantee each public school student equal access to programs and services appropriate to educational need despite geographic location or local economic conditions, is enrollment-driven with weighted factors for school and district size, teacher qualifications, students' special needs, and other circumstances. Membership weighted for such factors generates a program unit. PED divides the annual SEG appropriation by the total number of statewide units to determine the unit value. Funds are then distributed to districts by multiplying the unit value by the number of units generated by the district. School districts may spend formula dollars according to local priorities; however, they must comply with statutory requirements and relevant PED directives. In determining a district's SEG, the state takes credit for 75 percent of three revenue sources: a 0.5 local mill levy, federal forest funds, and the operational portion of federal impact aid funds, all of which remain at the district.

A key finding in the PED annual financial audit for two years notes the department does not audit attendance information supplied by districts. Because the number of units a district generates is determined using weighted membership, the failure to audit self-reported district attendance numbers is worrisome and may be inequitable. For example in FY06 and FY07, while special education enrollment decreased statewide, special education related services units increased by approximately 8,550, resulting in dilution of the unit value by as much as \$30 million, and negatively affecting all districts statewide. (Albuquerque Public Schools and a few other districts accounted for almost all of the increase in related units.)

The department's request for program costs of \$2.387 billion did not include funding for implementing the new funding formula or for employee compensation but include funding for increases in "opening the door" costs, increases in the education retirement board (ERB) employer contribution, the second year of elementary physical education, and funding for school district costs for assessment and test development.

The LFC recommendation for program cost of \$2.453 billion, an increase of \$124.5 million, or 5.3 percent over FY08, includes \$25 million for first-year implementation of the new funding formula. The appropriation recommendation is contingent on enactment of legislation revising the current formula. Additionally, \$33.6 million is included for opening the doors, \$8 million for elementary physical education, and \$14.7 million for the 0.75 percent cost of the employer's contribution to ERB. Funding for average employee compensation increases of 2 percent for all public school employees and 0.2 percent for retiree health care, contingent on passage of legislation is also included. The total compensation package represents an average increase of 2.95 percent.

The committee recommendation includes a total of \$55.4 million in credits: \$44 million from impact aid, \$10.7 million from the 0.5 local mill levy, and \$700 thousand from federal forest funds. This represents a decrease in federal impact aid funds that is not completely offset by increases in the credit for the 0.5 local mill levy as a result of increased property valuation. An additional credit of \$750 thousand from drivers' license fees is also assumed. Public schools are required to offer an elective classroom driver safety education course and receive \$3 from each driver's license for this purpose. Adjusted for credits, the SEG recommendation is \$2.393 billion, for a 5.3 percent increase.

Specific recommendations are as follows:

Fiscal year 2009 funding is based on an average of the 80th and 120th day enrollment for FY08 except for those districts with membership growth greater than 1 percent. These districts receive 1.5 units per member for enrollment growth over 1 percent. The recommendation includes funding of \$10.5 million to meet a projected enrollment growth of 2,889 units for FY09. This may require some adjustment when 40th day attendance numbers are received from districts.

The fixed cost recommendation of \$3.8 million funds the agency request and is based on consumer price index growth of 1.9 percent. Concerns remain as to the widely fluctuating cost of energy, and reevaluation of this amount should be undertaken when second-quarter financial reports are received from districts.

Increases in health insurance costs are part of total compensation for public school employees. These costs, as well as risk costs, become part of the unit value and are distributed to schools through the funding formula. Except for the Albuquerque Public Schools (APS), revenue is then transferred from the districts to the New Mexico Public School Insurance Authority (NMPSIA) to provide health insurance benefits to employees and risk insurance to the districts. NMPSIA estimates that for FY09 medical insurance premiums will increase by 9.9 percent. Property and liability insurance is projected to increase by 10.9 percent while workers' compensation premiums are expected to increase by 10.6 percent. APS projects a 3 percent overall increase in medical, dental, and prescription drug coverage and no more than a 5 percent increase in property, liability, and workers' compensation premiums. The recommendation includes \$16.3 million for NMPSIA insurance costs and \$3 million for the APS portion. An LFC performance evaluation of APS reports that between FY04 and FY07, APS accumulated approximately \$24 million in health and medical insurance funds and approximately \$3 million in property, liability, and workers' compensation funds. APS staff indicated that the district's actuary does not consider fund balances when calculating health and medical premiums resulting in the accumulated funds. The committee recommends APS use existing fund balance to fund a portion of insurance cost increases for FY09.

The recommendation for the SEG and transportation costs includes \$15 million for a 0.75 percent increase in the Educational Retirement Board (ERB) employer contribution, the fourth year of a seven year schedule, and \$4 million to provide 0.2 percent for retiree health care.

The recommendation includes \$8 million for the implementation of elementary physical education statewide. This increases funding to \$16 million, 50 percent of the total identified for full funding of elementary physical education. Funding to schools would continue to be dependent on an application process contained in statute. Some schools now fund elementary physical education from operational resources. These schools will receive a windfall if full funding is achieved and flows entirely through the funding formula.

Categorical Public School Support.

The committee recommends \$162.7 million for categorical expenditures, an increase of \$4.5 million over FY08.

The largest categorical appropriation, the transportation distribution, is used to make payments to school districts for the to-and-from transportation costs of students in kindergarten through 12th grade and 3- and 4-year-old developmentally disabled students enrolled in public school programs. The funding is for operational costs, school-owned equipment, rental and lease fees for buses, employee compensation, and a 0.75 percent increase in the employer share of ERB contributions. The committee recommends \$110.7 million, \$5.1 million over the FY08 appropriation, most of which covers anticipated increases in fuel costs.

The annual adoption of instructional materials follows a six-year cycle in all core curriculum areas. Funding for FY09 is for career technical education, adult basic education, and driver's education. Funds for instructional materials are generated through provisions of the federal Mineral Lands Leasing Act and are provided directly to schools on a per-pupil basis. The department funds materials for public, charter, state-supported, and accredited private schools, as well as adult education centers. Balances remaining at the end of the fiscal year may be retained by the eligible entities for expenditure in subsequent years. Public schools may use the entire amount of these funds on adopted instructional materials but are restricted to using no more than 50 percent on nonadopted materials. Charter schools and adult basic education centers may use all the funding on nonadopted materials. Accredited private schools may only purchase instructional materials on the state adopted list. The FY08 adoption cycle included math materials, considered to be some of the most expensive. The department's request of \$43.2 million, an increase of \$6 million over FY08, would fund a new initiative to provide additional consumable materials (e.g. workbooks) to schools. In line with committee guidelines, the FY09 recommendation includes \$35.2 million to properly fund existing programs, reflecting lower costs for career technical, adult basic, and drivers' education materials.

Recognizing the ongoing need for emergency supplemental funding, the recommendation includes \$2 million for FY09. Historically, small schools have been the primary users of these funds; however, a growing number of larger schools are applying for supplemental assistance. Implementation of the new funding formula is expected to address persistent issues, making supplemental funding available for emergencies.

Related Appropriations.

Categorical or earmarked appropriations are problematic in that they tend to disqualify school funding and divert resources away from core educational need, as well as diluting funding that would normally be directed into the SEG. The absence of categorical funding and fund "tracking" in the original funding formula was viewed as a way to encourage local school district initiatives in seeking more efficient and effective means of achieving desirable educational goals. After a number of substantial increases in funding requests in recent years for new programs, the department's FY09 request focuses on increasing funding for a number of existing programs. With the implementation of the new funding formula, some of these categorical appropriations should be shifted into the SEG for program costs included as basic educational need.

A number of studies that examine why teachers leave the profession in their first five years point to a lack of mentorship as a primary cause. High quality and sustained mentorship is vital to continue the preparation of high-quality teachers and the recommendation includes \$2 million for beginning teacher mentorship.

The Office of Educational Accountability (OEA) notes that kindergarten-plus program participants in FY07 demonstrated improved literacy skills and social skills as they participate in an extended kindergarten school year with highly trained teachers. Data provided by PED indicates students enrolled in kindergarten-plus classrooms are entering first grade much better prepared than their peers not receiving these services. The program was expanded in FY08 to kindergarten-three-plus providing extended school year opportunities of up to 25 additional days for students in grades kindergarten through third grade in schools with at least 85 percent of students eligible for free and reduced lunch. The department, in testimony before LFC, noted that kindergarten-plus participants continued to demonstrate improved literacy skills with notable decreases in the number of children classified in the highest risk categories. A number of districts are projected to receive enhanced funding from the new formula due to the poverty factor and the committee urges these districts to consider funding such programs. Recognizing the significant impact of this program on improved student achievement, the committee recommends funding of \$7.2 million from the general fund and \$3 million from the Temporary Assistance for Needy Families (TANF) grant for FY09. At current expenditure rates, the added \$3 million would serve approximately 2,360 additional children, bringing the total number of children served to 8,005, or 32.1 percent of all eligible students in these grades.

The executive request included \$14.8 million in recurring funding for pre-kindergarten operational costs and \$6.6 million in nonrecurring support for start-up costs to expand the program for FY09. The Children, Youth and Families base budget request included an additional \$7 million, for a total statewide request of \$21.8 million, an overall increase of \$7.8 million, or 56 percent. An analysis of the FY08 implementation of pre-kindergarten indicates the executive is overfunding providers by funding students based on the unit value and then providing additional funding for professional development, instructional materials, and other costs that schools are expected to provide within revenues generated through the unit value. An analysis of the pre-kindergarten budget provided by the executive shows that for FY08 only 70.9 percent of the appropriation is used for direct instruction or transportation. A large number of additional students could be served at no additional cost if programs were funded entirely using the unit value to determine program cost with no added categorical funding. The committee recommends funding of \$7 million from the general fund and \$2 million from the Temporary Assistance for Needy Families (TANF) grant for FY09.

High-quality professional development remains a priority to improving the quality of education in New Mexico. The executive requested and LFC recommends a \$500 thousand increase for effective summer reading, math and science institutes. Appropriations for public school support contained in base program cost for professional development since 2001 total approximately \$15 million. In addition to these appropriations included in the SEG, the Legislature in FY08 appropriated \$7.4 million for content-based and sustained professional development programs. Of the \$7.4 million, \$2.5 million is for the teacher professional development fund, traditionally earmarked for specific programs (e.g. Golden Apple, SQS, re: learning). The committee recommends the department remove earmarked funding for professional development and use the money for more effective professional development opportunities similar to the summer institutes for teachers.

RECOMMENDED LANGUAGE:

Except as otherwise provided, unexpended balances of appropriations made in this subsection shall not revert at the end of fiscal year 2009.

The rate of distribution of the state equalization guarantee distribution shall be based on a program unit value determined by the secretary of public education. The secretary of public education shall establish a preliminary unit value to establish budgets for the 2008-2009 school year and then, upon verification of the number of units statewide for fiscal year 2009 but no later than January 31, 2009, the secretary of public education may adjust the program unit value.

The general fund appropriation to the state equalization guarantee distribution includes thirty nine million one hundred seventy-eight thousand six hundred dollars (\$39,178,600) to provide an average two percent salary increase for all teachers, other instructional staff and other licensed and unlicensed staff, effective July 1, 2008. Prior to the approval of a school district's or charter school's budget, the secretary of public education shall verify that each school district or charter school is providing an average two percent salary increase for all teachers and other licensed school employees and an average two percent salary increase for nonlicensed school employees.

The secretary of public education, in collaboration with the department of finance and administration, office of educational accountability, shall ensure all teachers have been evaluated under the tiered licensure evaluation system and have the professional competencies of the appropriate level. The secretary of public education shall withhold from the public school distribution funding for the minimum salary of any teacher who has not been evaluated.

The general fund appropriation to the state equalization guarantee distribution contains sufficient funding to provide a three-quarter percent increase in the employer contribution to the educational retirement fund.

The general fund appropriation to the state equalization guarantee distribution contains twenty-five million dollars (\$25,000,000) for implementing a new funding formula contingent on the enactment of legislation of the second session of the forty-eighth legislature.

The general fund appropriation to the state equalization guarantee distribution contains sixteen million dollars (\$16,000,000) dollars for elementary physical education. After considering those elementary physical education programs eligible for state financial support and the amount of state funding available for elementary physical education, the secretary shall annually determine the programs and the consequent number of students in elementary physical education that will be used to calculate the number of elementary physical education program units.

For the 2008-2009 school year, the state equalization guarantee distribution contains sufficient funding for school districts to implement a formula-based program for the first time. Those districts shall use current year membership in the calculation of program units for the new formula-based program.

The general fund appropriation to the state equalization guarantee distribution reflects the deduction of federal revenue pursuant to Paragraph (2) of Subsection C of Section 22-8-25 NMSA 1978 that includes payments commonly known as "impact aid funds" pursuant to 20 USCA 7701 et seq., and formerly known as "PL874 funds".

The general fund appropriation to the public school fund shall be reduced by the amounts transferred to the public school fund from the current school fund and from the federal Mineral Lands Leasing Act receipts otherwise unappropriated.

Any unexpended balances in the authorized distributions remaining at the end of fiscal year 2009 from appropriations made from the general fund shall revert to the general fund.

The general fund appropriation to the transportation distribution contains nine hundred eight thousand dollars (\$908,000) to provide an average two percent salary increase for transportation employees effective July 1, 2008.

The general fund appropriation for the transportation distribution includes sufficient funding to provide a three-quarter percent increase in the employer contribution to the educational retirement fund.

Any unexpended or unencumbered balance in the supplemental distributions of the public education department remaining at the end of fiscal year 2009 from appropriations made from the general fund shall revert to the general fund.

The appropriation to the instructional material fund is made from the federal Minerals Land Leasing Act (30 USCA 181, et seq.) receipts.

The general fund appropriation to the public education department for the Family and Youth Resource Act shall fund family and youth services pursuant to the Family and Youth Resource Act.

The internal service funds/interagency transfers appropriations to the public education department include three million dollars (\$3,000,000) for the kindergarten-three plus program from the temporary assistance for needy families block grant to New Mexico.

The internal service funds/interagency transfers appropriations to the public education department include two million dollars (\$2,000,000) for the pre-kindergarten program from the temporary assistance for needy families block grant to New Mexico.

The appropriations to the public education department for the prekindergarten program shall be used only for direct instruction, transportation and approved administrative costs.

The public education department and the children, youth and families department shall report jointly and quarterly to the legislative education study committee and the legislative finance committee regarding implementation of the prekindergarten program. The four quarterly reports will address student progress by department, infrastructure expenditures, teacher and provider qualifications and adequacy of instructional materials.

PUBLIC SCHOOL SUPPORT

The purpose of public school support is to carry out the mandate to establish and maintain a uniform system of free public schools sufficient for the education of, and open to, all the children of school age in the state.

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>
* Outcome	Percent of elementary school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts	52.3%	56%	59%		63%
Outcome	Percent of students in full-day kindergarten meeting benchmark for nonsense words			74%		75%
* Outcome	Percent of elementary school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics	39.9%	41.9%	44%		50%
* Outcome	Percent of middle school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in reading and language arts	49.5%	47.8%	53%		57%
* Outcome	Percent of middle school students who achieve the No Child Left Behind Act annual measurable objective for proficiency or above on standards-based assessments in mathematics	25.5%	27.3%	35%		41%
Outcome	Percent of fourth grade students who achieve proficient or above on the state assessment in reading			59%		63%
Outcome	Percent of fourth grade students who achieve proficient or above on the state assessment in mathematics			44%		50%
Outcome	Percent of eighth grade students who achieve proficient or above on the state assessment in reading			53%		57%
Outcome	Percent of eighth grade students who achieve proficient or above on the state assessment in mathematics			35%		41%
* Outcome	Percent of recent New Mexico high school graduates who take remedial courses in higher education at two-year and four-year schools	59%		43%	43%	40%
* Outcome	Current year's cohort graduation rate using 4-year cumulative method			65%		80%
Outcome	Percent of kindergarten through third grade students in reading first schools scoring on grade level on reading first assessments			60%		65%
Outcome	Annual percent of stakeholders positively rating their involvement with public elementary, middle and high schools	87%	75.3%	80%		80%

PERFORMANCE MEASURES

		<u>FY06 Actual</u>	<u>FY07 Actual</u>	<u>FY08 Budget</u>	<u>FY09 Request</u>	<u>FY09 Recomm</u>	
*	Quality	Annual percent of core academic subjects taught by highly qualified teachers, kindergarten through twelfth grade	88%	94.2%	95%	95%	100%
	Quality	Annual percent of classes in core academic subjects taught by highly qualified teachers in high-poverty schools, kindergarten through twelfth grade	76%		90%		95%
	Explanatory	Percent of elementary students receiving school breakfasts					
	Explanatory	Number of schools making annual yearly progress					
	Explanatory	Number of schools identified as needing improvement					
	Explanatory	Number of public school students habitually truant					
	Explanatory	Percent of American Indian language classes being taught in public schools that serve American Indian students	94%		100%		100%